

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism
Readiness Preparation Proposal (R-PP) External Review Template**
(interim, September 10, 2009, from Program Document FMT 2009-1, Rev. 3)

Objectives of a Readiness Preparation Proposal (condensed directly from Program Document FMT 2009-1, Rev. 3)

The purpose of the R-PP is to build and elaborate on the previous Readiness Plan Idea Note (R-PIN) or a country's relevant comparable work, to assist a country in laying out and organizing the steps needed to achieve 'Readiness' to undertake activities to reduce emissions from deforestation and forest degradation (REDD), in the specific country context. The R-PP provides a framework for a country to set a clear roadmap, budget, and schedule to achieve REDD Readiness. The FCPF does not expect that the activities identified in the R-PP and its Terms of Reference (ToR) would actually occur at the R-PP stage, although countries may decide to begin pilot activities for which they have capacity and stakeholder support. Instead, the R-PP consists of a summary of the current policy and governance context, what study and other preparatory activities would occur under each major R-PP component, how they would be undertaken in the R-PP execution phase, and then a ToR or work plan for each component. The activities would generally be performed in the next, R-PP execution phase, not as part of the R-PP formulation process.

Review of R-PP of Nepal

Reviewers: Jayant Sathaye + 4 reviewers

Date of review: 10 June 2010

Short Summary of Comments by TAP of Nepal's R-PP

Overall, the R-PP is very well composed and addresses all the key issues requested by the FCPF for each of the six components. The R-PP meets the Component Standards for some of the components and partially meets for rest of them. The TAP review team has several clarifications and questions that are noted in each component. Addressing these topics would make the R-PP more comprehensive and it should readily be able to meet the standard. In couple of instances, Component 2c - REDD implementation framework for example, due to lack of historical national data and information on changes in forest cover and drivers of deforestation and degradation the R-PP will not be able to meet the standard without undertaking extensive research, which is best done during the REDD preparation phase. Following is a summary description of the key issues related to each component and the TAP comments.

Component 1. - Organize and consult

This component has four subcomponents that focus on various governance issues.

Component 1a focuses on national readiness and management arrangements.

The section provides information on the arrangements for management of national readiness. In July 2009, Nepal established a three-tiered institutional mechanism for implementing REDD - REDD multi-sectoral, multi-stakeholder coordinating and monitoring committee as the apex body, REDD Working Group for operations, and REDD-Forestry and Climate Change Cell as the coordinating entity.

The R-PP partially meets the standard set for this component.

A key issue here is the setting up of a new constitution that is expected to occur within one year in Nepal. It would be useful to describe a step-wise process that will take this aspect and related important political and institutional changes into consideration.

Component 1b focuses on stakeholder consultation and participation.

This is the longest and very fruitful sub-section in the report. The Nepalese team went through an extensive consultation process that included 57 workshops in which 3075 individuals from all the key stakeholders including IPOs and NGOs participated. The proposal notes the need to deal with Adaptation and Mitigation simultaneously, which is very important and should serve as a good example for REDD policy considerations in other countries.

The R-PP meets the standard subject to addressing couple of key review questions.

Component 2 - Prepare the REDD strategy

Component 2a focuses on assessment of land use, forest policy, and governance.

Nepal is divided into three major physiographic regions: (i) high mountains, (ii) mid-hills and (iii) Terai and Siwaliks. It has successfully managed DD through community participation in the Mid-Hills but has not been as effective in the Terai region. It faces many challenges to reduce DD particularly in this region.

The R-PP partially meets the standard set for this component subject to addressing some key questions.

The proposed text is well written. It needs to be streamlined, however, with Section 3 on DD data and information. It would also be helpful to review the proposed budget and ensure that it is enough for taking care of coordination across government departments.

Component 2b focuses on REDD strategy options.

This section provides a comprehensive summary of how it plans to prepare a REDD strategy. However, because of lack of historical data it is not possible to fulfill several items related to DD drivers such as early estimates of costs and benefits, risk of domestic leakage, etc. that are noted in the standard. These items are proposed to be covered during the REDD preparation stage.

The R-PP partially meets the standard set for this component.

Strengthening some of the strategy options will help to improve their presentation in the document.

Component 2c focuses on the REDD implementation framework.

This is an informative section that sheds light on many of the ongoing REDD-related activities in Nepal. However, the work plan is still in its infancy and does not provide detail on how the program will be implemented. TORs have been included to seek additional information, which will then form the basis for the development of a work plan.

As in the case of **Component 2b** the R-PP partially meets the standard set for this component.

Lack of data and information on historical drivers and their impact on D&D is a major concern. As documented in the R-PP this will need to be accomplished more fully during the REDD preparation process.

Component 2d focuses on assessment of social and environmental impacts.

The proposal presents a description of the Social and Environmental Impacts, which includes a TOR. Further it acknowledges that Strategic Environmental and Social Assessment (SESA) is an essential component.

The R-PP meets the standard subject to addressing couple of key questions in the review of this sub-component.

Component 3 -Develop a reference scenario

Because of lack of consistent national historical data on forest cover and D&D, the proposal plans to rely on a new FRA project that is starting in Nepal for the next five years (2010-2014). It will ensure compatibility of the data with a national LRMP project carried out in the 1970s.

The R-PP partially meets the standard set for this component subject to addressing key questions related to GIS boundaries, the way sample plots would be set up, how to accommodate policy changes, etc.

Component 4 - Design a monitoring system

There is no existing national monitoring system in Nepal. It will build on the FRA program. The proposed monitoring set up is quite complete and includes not only carbon stock but also other sustainable development factors.

The R-PP meets the standard subject to addressing some key questions in the review of this sub-component.

Component 5 - Schedule and Budget

The overall budget of the R-PP seems reasonable and it has an appropriate breakdown of budget allocation to workshops, capacity building, reference scenario and monitoring system. About 40% of the budget is being allocated to governance and technical aspects each.

The R-PP meets the standard set for this sub-component.

Component 6 - Design a program monitoring and evaluation framework

This is a voluntary component, which is included in the submitted proposal but it lacks a description of the proposed activities and how the monitoring and evaluation will be conducted.

The R-PP thus partially meets the standard set for this component.

In Summary,

Component 1 a)	Standard partially met
Component 1 b)	Standard has been met
Component 2 a)	Standard partially met
Component 2 b)	Standard partially met
Component 2 c)	Standard partially met
Component 2 d)	Standard has been met
Component 3	Standard partially met
Component 4	Standard has been met
Component 5	Standard has been met
Component 6	Standard partially met

Standards to be Met by R-PP Components

(from Program Document FMT 2009-1, Rev. 3:)

Component 1. Organize and Consult

Standard 1a: National Readiness Management Arrangements

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD, in terms of including relevant stakeholders and key government agencies beyond the forestry department, commitment of other sectors in planning and implementation of REDD readiness;

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP builds on the RPIN that Nepal had submitted in July 2008. This section provides information on the arrangements for management of national readiness. In July 2009, Nepal established a three-tiered institutional mechanism for implementing REDD - REDD multi-sectoral, multi-stakeholder coordinating and monitoring committee as the apex body, REDD Working Group for operations, and REDD-Forestry and Climate Change Cell as the coordinating entity. The mechanism is chaired by the minister of forests and soil conservation. The apex body has 49 members including government ministries, private sector, and civil society organizations. Similarly the Working Group has nine members with similar representation and the CC Cell is responsible for coordinating the readiness process at the national and sub-national levels among diverse stakeholders. It consists of policy and program, MRV, and communications and outreach sections.

Comment: Overall, this section is well prepared and the proposed REDD structure has most of the members that would constitute a complete group. It is encouraging to note that the ministries include those of agriculture, energy, finance, and science and technology among several others. As the R-PP notes in a later section deforestation and degradation results in part because of differences in policies and programs of energy and forestry, and agriculture and forestry ministries. Regular coordination among ministry officials of these and other ministries with overlapping mandates will help in establishing laws and practices to overcome the differences.

1. The section mentions that the strategy will be aligned with the new constitution. How will this be done? Might the strategy undergo a radical change? Would it make sense to foresee implementation of the R-PP in a stepwise approach, according to what is feasible in the given political climate and using critical benchmarks (such as the promulgation of the new constitution) to move forward? It would be useful to have a step-wise REDD implementation process that can take important political and institutional developments into consideration.
2. It also describes an existing REDD Stakeholders Forum that will serve as the outreach and communications platform. What is the connection between this and the communication and outreach section of the Climate Change Cell?
3. The mechanisms for galvanizing the key sectors outside forestry to accept and put in place measures that reduce emissions from deforestation and degradation are still unclear.
4. The role of the National Planning Commission could be enhanced and made clearer in the document.
5. There were few women involved in the writing of the R-PP (2-3, one from outside Nepal). Can more women and NGOs be engaged in the process?
6. How broad across the landscape, the mountains to Terai and from far East to West, were the meetings held?
7. While environmental lawyers and legal entities may be scarce in Nepal, it would be important to get their explicit input into the process.
8. Please define the indigenous and marginalized Nepalese population.
9. In the absence of democratically elected local government bodies and district and village level, consider support for pilot implementation mechanisms.

This sub-section 1a partially meets the standard. Addressing the aforementioned questions and comments will help it to meet the standard.

Standard 1b: Stakeholder Consultation and Participation

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders:
Inclusiveness of effective and informed consultation and participation by relevant stakeholders,

assessed in the following ways:

- i. the consultation and participation process for R-PP development thus far³, the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community; and

the Consultation and Participation Plan included in the R-PP (which looks forward in time); and the inclusion of elements in the R-PP that adequately document the expressed concerns and recommendations of relevant stakeholders and propose a process for their consideration, and/or expressions of their support for the R-PP.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

It is heartening to note that this is perhaps the longest sub-section in the report, about 12 pages, and includes a consultation and participation plan. The Nepalese team went through a careful and well organized consultation process that included 57 workshops in which 3075 individuals participated. Participants included government organizations and ministries, foundations, NGOs, and IPOs among other institutions. The document lays out a consultation and participation plan whose development was facilitated by seven civil society organizations. Participation of IPOs has been given high priority to date and their future participation will be facilitated by pursuing continued consultation, capacity building, awareness raising and outreach and program management activities.

Comments: The consultation processes noted in the proposal are quite extensive and appear to have included all the key stakeholders directly in the meetings. Provincial workshops have noted the inclusion of representatives of local and indigenous populations. The proposal includes a consultation and participation plan to increase the engagement of IPs at all levels of future REDD activities. The point on page 20 about the need to deal with adaptation and mitigation activities simultaneously is very important, and should be part of all of the policy considerations.

Capacity development at academic institutions might be helped with joint educational programs with institutions outside Nepal - e.g., India.

The budget for websites for awareness raising and outreach appears to be too low.

Would be useful to identify all relevant stakeholders and how they are to be represented in the REDD program implementation.

Questions:

1. To what extent have foreign independent bodies, donors, and private sector been consulted? What role would they play in future consultation processes?
2. There are 16000 community forestry user groups (CFUGs) in Nepal. How can the important messages of this effort best be extended to the general population - in particular members of the CFUGs - who will be the ones that make this program work?

The proposal does a quite complete assessment and subject to addressing the above two questions it meets the standard set for this sub-section 1b.

³ Did the R-PP development, in particular the development of the ToR for the strategic environmental and social assessment and the Consultation and Participation Plan, include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) self-determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society including Indigenous Peoples organizations; or (ii) Individual(s) recognized as legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

Component 2. Prepare the REDD Strategy

Standard 2.a: Assessment of Land Use, Forest Policy, and Governance: A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD, and major land tenure and natural resource rights and relevant governance issues. It documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country’s REDD strategy to directly address key land use change drivers.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

Nepal is divided into three major physiographic regions: (i) high mountains, (ii) mid-hills and (iii) Terai and Siwaliks. About 40% of the land area is covered with forests. Land-use change data for 1991-2001 period indicates a significant reduction in forest area (about 2.7% annual reduction) with bulk (56%) of it being subject to degradation and converted to shrub land. Degradation is thus a larger challenge in Nepal. Not surprisingly, as the proposal notes, the underlying causes of DD are not under the control of the forestry ministry. Another important issue is the shrinking budget allocated for governance and development of the forest sector; it declined from 1.4% to 1.2% in the last four years.

The proposal notes the six ongoing pilot REDD projects that are supported by international agencies. Each covers a limited land area in the country. Nepal so far has shown that a top down approach to policy and planning has had little success. A decentralization/localization approach to forest governance has been the key to controlling DD but largely in the Middle Hills. However, no single solution or model fits all physiographic regions with community forestry being a success story in the Mid-hills but still being contested in the Terai.

The proposal notes the challenges that the REDD plan will need to overcome. Principal-agent problem in the Terai, declining budget allocations, protected area management regimes, weak sector governance, and institutional arrangements for land management. A major challenge for REDD implementation thus lies in the Terai region. In the middle hills, governance arrangements (in the form of CFUGs) are more promising, but ensuring equity in rewards for reduced DD will nevertheless be challenging.

Comment:

1. The material reported in this section provides adequate information to answer the issues noted in this component of the R-PP to the extent data and information exist. The data on deforestation and the drivers is very limited in scope and hence the REDD program would have to collect significant data and information on these drivers. The text generally appears to under-emphasize deforestation and forest degradation due to illegal forest activities, and over-emphasizes the risk of deforestation by “poor, forest-dependent communities”. The proposal notes many relevant macro- and micro-reasons for DD but because of lack of data their description is quite generic. Consider re-writing or editing the section on drivers of deforestation and forest degradation by determining a number of broad vegetation categories and making a separate analysis in each case.

2. An element missing is a discussion of agricultural, energy and other rules and laws and how these have and/or are affecting deforestation rates in the reported regions.

3. The proposal plans to focus on drivers of DD only in Churia and the High Mountain regions. Does Churia cover both Terai and Middle-Hills?

4. The discussions in sections 2a and 3 needs to be streamlined. The statement on p. 31 -- “...deforestation and forest degradation have been largely reversed ...” for instance does not appear to be consistent with data in Table 2a.1. Is there data post-2001 that would support this statement?

5. Page 34 notes how DD pressure has transferred to other areas (leakage) within and outside the country. The proposed DD program would have to be nationally organized in order to ensure that leakage is minimized.

6. Also on p.34, who are the distant users referred to in the third paragraph.

7. Budget is important here - all of these proposed activities will have to be backed up with adequate funding for the government departments to carry out their side of the tasks. It might be useful to commission a study on how this coordination can be carried out in the best way and whether the proposed budget is adequate for the completion of tasks.

8. Consider the necessity of the five proposed further studies. What information will they bring that is currently unavailable and how will this be collected?

This sub-section 2a is well written. It partially meets the standard. Addressing the above questions and comments will help fulfill the standard criteria.

Standard 2.b: REDD strategy Options: Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies: the R-PP includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and, optionally, ToR) for assessment of the various REDD strategy options. This summary states:

- i. how the country proposes to address deforestation and degradation drivers in the design of its REDD strategy;
- ii. early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;
- iii. socioeconomic, political and institutional feasibility of the emerging REDD strategy;
- iv. major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and
- v. risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The Government of Nepal is in the process of designing a National Interim Plan that has prioritized the implementation of DD forest policies. The plan intends to expand participatory forest management practices throughout the country. It includes the preparation of a New National Forestry Sector Strategy that will be developed through the investment of forestry sector stakeholders aligning with National Adaptation Plan of Actions, Climate Change Policy (including the implementation of NAPA); REDD Strategy; Poverty Reduction Strategy Paper; and Millennium Development Goals. These are policy opportunities that the Government of Nepal has already identified and will pursue, ensuring implementation synergies between the REDD Strategy and national multi-sectoral development strategies.

As part of the REDD development strategy, the R-PP lays out five potential REDD strategy preparation activities - conducting analytical studies, consultation for strategic options prioritization, economic and financial assessments of selected strategic options, preparation and consolidation of the REDD strategy, and monitoring and evaluation.

Comments:

This section provides a comprehensive summary of how it plans to prepare a REDD strategy. Because of lack of historical data on DD drivers several items that are noted in the standard above are not being fulfilled.

1. The section notes that past analytical studies and pilot projects will be used to assess the contribution of nine DD drivers in Nepal. This will be major challenge since page 30 of the R-PP notes that available data is scanty, old and frequently contradictory. The strategy will need to seek other inputs such as through collection of more historical data and consultation with or surveys of various stakeholders.

2. Alignment of the proposed REDD strategy with the National Interim Plan is described in the R-PP. This would help in meeting the key standard of alignment with existing national and sectoral strategies. It also includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and ToRs) for assessment of the various REDD strategy options.
3. The section includes item 2b.2.5 about monitoring and evaluation. It does not provide any information on what will be monitored, who will do it, and how it will be done.
4. The components of the strategy that need to be strengthened include:
 - i. Early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;
 - ii. Socioeconomic, political and institutional feasibility of the emerging REDD strategy;
 - iii. Major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and
 - iv. Risk of domestic leakage of greenhouse benefits.
5. More explicit definitions of the use of the budget are needed. Details on benefits to rural livelihoods will help sell the program to other stakeholders and supporters.
6. Given the current political instability in Nepal, is there away to promote cross-party support for a REDD program thus ensuring its continued future? How can NGOs be encouraged to support the REDD process?
7. What could be done in the Terai Arc in curbing cross-border illegal activities?
8. REDD strategy options can be greatly helped with web-based decision support tools that are easily accessible to the public as well as to government decision-makers. Such tools help in making trade-offs for different policy decisions. Making the decision support tool available to the public can bring in multiple stakeholders and add transparency.

The Standard for 2b is partially met. Additional information should be collected and put together to address the above questions and comments to the extent data are available.

Standard 2.c: REDD implementation framework: Describes activities (and optionally provides ToR in an annex) to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP intends to establish the link between carbon ownership rights and land tenure and clarify land tenure issues as a priority during the preparation phase by utilizing existing institutional structures and arrangements (as far as possible), build on successful experiences of benefit sharing from Nepal and elsewhere, learn from ongoing pilots, and utilize multi-stakeholder mechanisms for REDD implementation and benefit-sharing. As the concept of forest *carbon* is new to Nepal, no provision has yet been made under legislation for clarifying *carbon* ownership, and thus how it will be done is not clear. The R-PP proposes to differentiate compensation according to the specific opportunity costs rather than through a uniform national compensation scheme bearing in mind the differences in inter-regional or inter-community conflicts that may arise.

It considers the National Trust for Nature Conservation as an example for REDD. This fund is managed by a multi-stakeholder board, although political influence and issues of downward accountability and transparency may persist. At the sub-national level, the District Forest Coordination Committee (DFCC), linked with local government bodies, are already functioning in many Terai districts and are providing useful lessons in governance mechanisms.

The section notes that the government does not possess updated information about the types of REDD

piloting projects being undertaken in Nepal, and information sharing has been insufficient so far. This indicates the importance of establishing a national level forest carbon registry.

The preparatory work for the new constitution notes that there is likely to be explicit recognition of the role of communities in protecting, conserving and enhancing natural resources and of their rights to benefit from all types of rewards generated from such actions. If a legal category of collective (forest) ownership is introduced, this would signal a significant change in the current governance system.

Comments:

This is an informative section that sheds light on many of the ongoing REDD-related activities in Nepal. However, the work plan is still in its infancy and does not provide any detail on how the program will be implemented. TORs have been included to seek additional information, which will then form the basis for the development of a work plan.

A central clearinghouse is a very good idea, but experience shows that these are not easy to implement. Some advice from other groups who have developed effective clearinghouses would be valuable before going too far on this. There needs to be a clear recognition of the costs of setting up such a clearinghouse. The first step will be to collate and understand what is in place today.

In terms of institutional and governance reform, it should be kept in mind that the REDD/Climate issues will be with us for a long time, and will be a central part of UNFCCC actions. Governance should be organized with that in mind.

The section needs to show closer ties to other proposed and ongoing projects (e.g., NORAD pilot projects) as there are greater synergies to be gained.

The Standard for 2c is partially met. Additional information should be collected and put together to address the above questions and comments to the extent data are available.

Standard 2.d: Assessment of social and environmental impacts: The proposal includes a program of work for due diligence for strategic environmental and social impact assessment in compliance with the Bank’s safeguard policies, including methods to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

A TOR is presented as a description of the Social and Environmental Impacts section. It acknowledges that Strategic Environmental and Social Assessment (SESA) is essential for both avoiding negative impacts (do no harm) and ensuring positive or additional REDD benefits (do good). Nepal has an environmental protection act, as well as rules, regulations and guidelines for conducting detailed environmental impact assessments and initial environmental examinations. It explicitly calls for verification that the proposed REDD process complies with the World Bank’s Safeguard Policies related to environmental evaluation, natural habitat, indigenous persons, physical cultural resources, involuntary settlement and forestry.

Comment:

An interesting point is raised on p. 53 with an analysis of possible impacts of the “no REDD process” scenario. Every FCPF country should do this!

The document should replace the TOR with a sectional text that lays out the social and environmental impacts consideration in Nepal today and how the REDD program would match these while also meeting the WB Safeguard Policies. It should also facilitate a participatory process ensuring that all the consultations that have taken place to date are put to good use, rather than the SESA being solely the work of one or a few consultants.

The standard for sub-section 2d is met subject to addressing above comments.

Component 3. Develop a Reference Scenario

Standard 3 Reference scenario: Present work plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including early ideas on feasibility of which methods to use (e.g., scenario of forest cover change and emissions based on historical trends in emissions and/or based on projections into the future of historical trend data), major data requirements and capacity needs, and linkages to the monitoring system design.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Most of the historic forest inventories of Nepal have been geared towards assessing forests and understanding the extent of forest cover. Table 3.1 lists the seven major inventories that have been implemented since 1963 up to 2009. However, only the Land Resource Mapping Project (LRMP) carried out in the late 1970s for the whole country is deemed to be the most extensive forest assessment available because of the following features:

- it is a wall to wall assessment using a consistent methodology;
- it maps forest and scrubland separately;
- within the forest, it classifies canopy density into three classes: 10-40%, 40-70%, and 70-100%; and
- each forest zone is classified according to dominant forest type and the presence of dominant species.

Currently, a new FRA project is starting in Nepal for next five years (2010-2014) as a bilateral co-operation between Governments of Nepal and Finland. Discussions are ongoing to ensure compatibility of the data coming out of the new FRA with the LRMP. These will help in development of a multi-year historical reference scenario by using some of the available datasets. For future reference scenarios, the project intends to make use of a country wide spatial regression model that is embedded in a CGE (Computable General Equilibrium) framework.

Comment:

1. The proposed activities are good and will help in compiling historical data and preparing future scenarios. It is important however to link DD drivers to the historical data. In order to do this, historical DD driver data needs to be compiled and matched with the change in forest cover over this period. Multiple scenarios may be needed, however, to overcome the potentially high uncertainty range given the lack of good historical data.
2. A critical factor in the preparation of the future reference scenario is the change in government or industry policies that can bring about sudden changes in the rates of deforestation. For example, a new constitution may bring this about and change DD rates considerably.
4. Useful extrapolations into the future will be difficult - this is where a demonstration of a decision support tool can be very helpful. Simplified models such as those used by ICIMOD, as well as the Winrock work, are helpful here. The country wide spatial regression model will need good GIS input - this relates to central forest information and data bases, MRV GIS and decision support tools.
3. The budget accurately reflects the cost of doing the re-interpretation, but may underestimate the costs of the country-wide spatial regression model imbedded in the computable general equilibrium model.
4. The TOR in the annex is a good start on developing the details for the reference scenarios. Purchasing high resolution satellite data on a "whole of government license" as noted on p. 125 can be facilitated with the GEO national demonstrator program.
5. More mention of the capacity needed and how to build that capacity should be included in the R-PP. There is little mention of the IOF, Kathmandu College of Forestry, the Environmental Program at Kathmandu University, and other leading programs. These could all be sources of skilled human resources to help determine the historical trend data needed and catalog forest cover changes.
6. A crucial feature to include in the GIS data will be the boundaries of different legal forest categories - in particular community forests. This is mentioned on p.65 but needs emphasis - without accurate, regularly up-dated digitalized information about which forests are managed by communities, and which by other bodies, it is difficult to see how any attribution can be made.
7. There are proposed 1700 - 2000 sample plots for the ground inventories (p.63). How will these be set up?

Given that innovative mechanisms such as those tested under K:TGAL (mentioned) have already been developed with the idea of supporting communities to monitor forest carbon themselves, shouldn't these be expanded?

The proposal partially meets the standard set for Component 3. Addressing the above topics will help it to meet the standard set for this component.

Component 4. Design a Monitoring System

Standard 4: Design a monitoring system: The R-PP provides a proposal for the initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation. The system design should include early ideas on including capability (either within an integrated system, or in coordinated activities) to monitor other benefits and impacts, for example rural livelihoods, conservation of biodiversity, key governance factors directly pertinent to REDD implementation in the country, and to assess the impacts of the REDD strategy in the forest sector.

The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. It should also address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation. The proposal should present early ideas on how the system could evolve into a mature REDD monitoring system with this full set of capabilities.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Since there is no existing monitoring system, the proposed monitoring system for REDD will build on the activities conducted under the aforementioned FRA project, which will have the following components:

- Forest cover mapping: forest cover, its extent and quality;
- Field sampling activity, digital sampling activity and data processing;
- Development of a Forest Information System (FIS)

Comment:

1. The monitoring set up is quite complete and covers most of the topics that are traditionally covered in the estimation of forest cover inventory and the embedded carbon content; it also goes beyond carbon stock to include other sustainable development factors.
2. It however leaves out the coverage of monitoring of DD drivers, which is a critical element for a REDD program. Page 62 notes that since activity data and biomass increment data are not readily available in Nepal the monitoring system will principally be designed to monitor carbon stocks changes. However, since the system is being designed to monitor future DD drivers, it is important that this element be included in the monitoring system design.
3. What will be the role of a community based monitoring system particularly where forests are being managed in a participatory manner (leasehold, collaborative, and community forestry)?
4. It would be important to also include an inventory of private tree resources, which could prove to be a major carbon stock.
5. In terms of verification, internal measurement is important, but there should be an attempt at the beginning to build in independent third-party verification. It is good for co-benefits to be engaging with CCBA and CARE to recognize biodiversity and ecosystem services.

6. The implementation of an MRV system has at least five phases:

Phase 1. Scoping and Consultation Phase
Phase 2. Design Country-specific MRV Plan
Phase 3. Start-up Phase
Phase 4. Test Phase

Phase 5. Operational Phase

The R-PP and the TOR in the Annex indicate that Nepal is in implementation Phase 2, and the funding from the R-PP will help the government move to Phase 3 and possibly start Phase 4.

7. For full satellite data access and technical help, Nepal should consider joining the Forest Carbon Tracking task of the Group on Earth Observations (GEO) as a National Demonstrator. The Forest Carbon Tracking Task initiative carried out by the Group on Earth Observations (GEO) constitutes a great opportunity for Nepal to access long-term remote sensing data.

In summary, the proposed activities meet the Standard set for Component 4 subject to addressing the above comments and questions.

Component 5. Schedule and Budget

Standard 5: Completeness of information and resource requirements

The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD readiness activities identified in the R-PP, or gaps in funding are clearly noted.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

The total FCPF budget amounts to \$3.6 million and other donors and the government will provide additional funds for a total amount of \$7.7 million.

Comment:

The overall budget for the R-PP seems reasonable, noting comments above, for a start - and it might well be possible to get some software and training donations to help capacity building. The annexes are a valuable addition with more detail.

The budgets given seem to cover most of the major activities needed. A key suggestion would be to clarify and justify the budgets with additional (descriptive) text. Little information is given on the other international sources. (For instance, what USAID project is mentioned that will give \$1.3 million towards this program?) There are several places in the budgets where (potential) donors have been identified but specific levels of support and for which activities have not been identified. Perhaps this is due to the lack of time in preparation of the R-PP?

It is noted that an estimated budget is prepared for each component, and that where possible, already committed donor funding has been indicated. This is clearly presented; the only slightly worrying feature in donor allocations is that they seem a little compartmentalized, and it is unsure on what JICA and USAID will commit.

A cursory breakdown of the budget according to broad headings (not by components, and taking some items in a rather arbitrary manner) gives the following overview (% in terms of total budget)

Broad category in budget	Est cost thous. US\$	% total budget
Workshops and public hearings, awareness and outreach (“building public awareness”)	1,786.0	23.3
Capacity building (all fields)	1,252.5	16.3
Studies (all types)	492.0	6.4

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Developing reference scenario (technical aspects - excluding capacity building)	1,315.0	17.2
Design of monitoring system	1,840.0	24.0
M&E framework	241.0	3.1
Other		9.7

From this it may be concluded that roughly the same amount of the budget (approx. 40% in each case) is being allocated to social aspects (“building public awareness” and capacity building), and to technical aspects (the development of the reference scenario and the design of the monitoring system). This may be considered healthy. Similarly a M&E framework that accounts for under 4% of the budget appears healthy - although what it will entail is not yet clear.

If the recommendation to include private trees in the reference scenario and monitoring system is taken up, further budgetary provision will be needed.

The proposed budget meets the Component 5 standard set above once the above questions and comments are addressed.

Component 6. Design a Program Monitoring and Evaluation Framework

Standard 6: Adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

Comment:

Component 6 is included in the submitted proposal but there is no description of the proposed activities and how the monitoring and evaluation will be conducted. Monitoring needs to be conducted internally on a regular basis and a plan needs to be laid out for this purpose. Evaluation should be done periodically through external reviewers who can attest to the status of activities and whether they meet the monitoring plan schedule and planned outputs.

The proposed material partially meets the standard set for Section 6. Above modifications should be addressed in order to meet the Section 6 standard.