

**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)

Guidelines for Reviewers:

- 1) *FCPF REDD Country Participant R-PPs will be reviewed and assessed by the FCPF Participants Committee, the FCPF's governing body, taking TAP comments into account. External (Technical Advisory Panel or other) and Bank reviewers may provide recommendations on how a draft R-PP could be enhanced, using this template on a pilot basis until a process is approved by the PC.*
- 2) *One set of criteria should be used for review: specific standards each of the current 6 components of an R-PP should be met.*
- 3) *Your comments will be merged with other reviewer comments (without individual attribution) into a synthesis document that will be made public, in general, so bear this in mind when commenting.*
- 4) *Please provide thoughtful, fair assessment of the draft R-PP, in the form of actionable recommendations for the potential enhancement of the R-PP by the submitting country. A REDD Country Participant would be allowed three submissions of an R-PP to the PC for consideration.*

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 (fill in country name): NEPAL

Reviewer (fill in): Lucio Santos, Leonel Iglesias y Kamwen Dabros

Date of review (fill in): 18-06-2010

Standards to be Met by R-PP Components

The RPP has provided valuable information on Nepal's forest resources. In addition to a good background to the Forest Resources of Nepal, which demonstrates the value of forests on wood production, carbon sequestration, biodiversity and water, it also gives a good account of existing carbon related projects.

In general terms, the document is a very accurate response to the R-PP terms of reference. It comprehensively and adequately explains each component, and it has the advantage that each component has an annex with an extended discussion of the topic.

The recommendations that reviewers team considers should be taking into account by Nepal to enhance the clarity of its R-PP are stressed in the next pages.

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:

- There is no sufficient clarity on how the top body of the REDD Steering unit (apex body) relates to the lower levels/ Structures. However, this is explained under the fact that, currently the drafting of new constitution is going on.
- In addition, information about the mechanism of decision making of APEX body could be enlarged taking into account that it consists of 49 members. Furthermore, the mechanism of participation of different actors and sectors of civil society should be extended, due the Multi sectoral and Multi stakeholder focus of the Apex body.
- For the National Readiness Management Arrangements and public consultation the RWG and the REDD stakeholders forum are important groups where the indigenous people are represented, hence it's a good starting point from the institutional point of view, however is important to explain how the participation of the indigenous people and vulnerable groups it will be enhance in the consultation plan for the successful of REDD in the country.
- The stakeholders forum looks interesting as a tool of communication, but it could be a bit limited for collecting concerns, feedback and proposals from actors as diverse and as different concerns.
- While it makes sense to wait for constitutional reforms, it is recommendable to use existing local structures and institutions to manage REDD nationally, as option "A" and plan for option "B" in presence of constitutional reforms that will have large impacts in the future.

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

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 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:

- Therefore, the public consultations have been made at general forum level, but the issue involves a complex work, hence we need the inclusion of all the representatives of the stakeholders and putting a special attention on indigenous people and vulnerable groups in that country, under local and national consultation plans.
- It’s important to consider also in item 3 (consultation) 1b.3.5 is concerning to forest carbon ownership and land tenure.
- We believe accurate and complete the identification of actors shown in Annex 1b-1.2, so it would be desirable to take into account all categories of actors In annex 1b-2.3 “Stakeholders to be consulted for various issues relate to REDD”
- In the point concerning to the consultation 1b.3.6.3, about the national level workshops, and in consideration to the fact that the audience to participate in these consultations have a different level of understanding of REDD issues, we also recommend take into account the realization of workshops for groups with the similar understanding level and ensure understanding of the subject for which are being consulted
- This standard doesn’t specify if the concerns and recommendations of the stakeholders consulted were already included in the design of current R-PP.

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:

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).

- Although the document presents a good evaluation on changing of land use and land use, a preliminary analysis of majors land uses trends should be desirable, which could be explained, for example, from the Nepal mines Act, Petroleum Act and/or The Public Roads Act, all mentioned at point 2a.3 (Underlying causes) .

Regarding content, there are some data that could be or need to be refined, if not in the course of this RPP formulation process, then must be done in the future studies that were scheduled or in the preparation phase of the REDD strategy implemented in the country:

- Like in the land use issue, the point 2.2 mentions that the data used to calculate the current rate of deforestation and land use change are contradictory, so it should be considered as provisional, and the suggestion is to realize a study to go deeply in to the current rates of deforestation and their dynamics all over the country, this will allow direction and focus of efforts, including the REDD pilot sites priority process.
- Thinking in REDD international framework, it is recommended to support very well the definition of forest, since it seems wide in this context.
- In regards to the lands that were considered for this study, the definitions referred to forest and shrub-land, it is not clear why the temporarily clear-cut areas will be considerate like forest. We suggest to consider a CDM methodology to establish a forestation o reforestation project as such, avoiding confusion with REDD. . One way to dissolve the doubts about the current forest condition would be to integrate a map showing the vegetation types according to a global classification as proposed by FAO or by a local organization, and then clarify the country's natural context.
- We also like to acknowledge as an excellent approach that the drivers were regionalized, which is a principle of order, since much of RED drivers are a result of a mix of environmental, social and economic factors that are very variable at country-level, creating a mosaic of problems Which require different solutions. Then the classification presented in Annex 2a.1. Provides clarity within regions and also shows a column that refers to origin or jurisdiction of such problems.
- Most of the drivers stem from economic factors and lack of governance, suggesting a series of measures outside the forest sector to mitigate them; and according to the background described, there is poor coordination between ministries and departments of government. Of course this isn't a unique situation in Nepal, but is rather present in most developing countries. We suggest setting strategies as realistic as possible. Another factor yet to be resolved before implementing a REDD strategy is the ownership of carbon rights and the distribution of potential economic benefits. The RPP document mentions that 63% of the forests belong to the state, and other 22% of the forests are managed by communities. Many countries are simply deciding that the carbon owner will be the same person that also owns the land, but, given the fact that in Nepal, the government owns most of the land, this would require a lot of discussion and analysis. Many countries will benefit from the result of such discussion and analysis in Nepal. We also would like to recommend you to revisit the time to finish the studies scheduled to improved

the REDD strategy, which we think is very short. Most studies are planned to be done in 4 months and will be based on information that is recognized to be scarce and obtained with different methodologies.

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 proposal for evaluation and definition of the REDD strategy and analysis of possible strategic options are presented adequately. However, it could include an analysis to the extent known presently on the early estimates cost and benefits in terms of rural livelihoods and biodiversity conservation.

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 national strategic in-depth studies and pilots should also include participatory methods for monitoring and reporting on socio-economic effects of REDD implementation in addition to that of MRV for carbon.
- It's recommendable to make sure the R-PP could be updated according to the norms

established in the new constitution on forest, land tenure and forest carbon ownership.

- The institutional arrangements created to manage the readiness phase are comprehensible, however in the document exist uncertainty yet about what will happen after the constitutional reform, as well as show how REDD will engage with a national policy on climate change, which should be an important consideration to take into account in the implementation framework.
- We would also like to be more specific about the international regulations that Nepal has signed, including methodologies, indigenous peoples, as the Declarations of the indigenous peoples of the UN and the 169 ILO, and others.

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:

- It would be useful to show the presence or absence of capacity gaps to undertake SESA in Nepal and future potential to undertake Environmental Social Management Plan (ESMP).
- The SESA should avoid leaving the entire responsibility for this outcome to the consultant(s). We advise the R-PP should specify how the country is going to train personnel to carry out this process.
- There is no provision in the budget for travel and transportation for SESA studies.

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:

- It is unclear how the CGE will serve as a screening tool to define the Reference Scenario, since this is a model that might estimate how an economy react to

Changes in policy, technology or other external factors. It is suggested focus on the model that explains possible deforestation scenarios from development and macroeconomic trends that could feed a CGE model developed by an entity like National Planning Commission.

- If you already have a chosen locally calibrated (CGE) model for the scenarios simulation, can you describe the advantages and the variables used?...can you describe the support needed for future data taking at the stage of validation and monitoring?
- The use of Land Resource Mapping Project (LRMP) as the best available dataset, has a problem because the data are relatively old (1977-1979). On the other hand, the hard work of the generation of Forestry information is already done and is great opportunity to enrich and actualize your database, by using the photo interpretation image to update the map of vegetation already done. We think Nepal can also use this methodology to standardize criteria, scales and types of vegetation in your information and identify the visible changes occurred. This update should be done for the reference scenario and include degradation and deforestation.
- We also acknowledge the actualization de LRPM data, the method mentioned from de satellite images classification is innovative and cutting edge technology that should be taken as a pilot in other countries too. Our advice on this is that the R-PP should mention how the country will build up capacity and experience in modeling.
- The R-PP don't show the link between the monitoring system and the reference scenario.

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:

- The R-PP must detail out how Nepal will reinforce MRV country coordination.
- There is no provision in the budget for travel and transportation for SESA studies
- In the process of monitoring you can chose to define only one responsible institution in charge of the operation, so that the country increases probabilities to have a better control and efficiency in the project implementation.
- According to IPCC and UNFCCC terminology, we suggest to use reference scenario instead of baseline.
- We suggest to define some intermediate assessment point in the different project stages, this is to provide feedback and reanalyze if the actions are driving to the implementation of the REDD mechanism.
- The R-PP can be improved if does mention what kind of methodology you use to select the number 1700 - 2000 of permanent plots, and how are you going to distribute this in the field. You can also mention (more specifically) which carbon stock/source will be measured and the vegetation types and cover percentage of each one.
- In figure 4.1 stakeholders actors and international enabler's don't have an arrow; you should say how they will be involved in the process. The whole design is not very clear.
- It is very good you mention governance in this part; you can go from only to mention the elements to explain the arrangement and operation of each one.
- In the part 4.a.5 it is very clear the gap identification, you should add other column where you explain possible solutions and needs to fill each gap.
- We think the society integration part is very clear and concise. It can be a model for other countries RPP's.
- The provision in the budget for field trips could be Insufficient, we would recommend revise this topic.

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:

- Efforts should be made so that the budget should show the support that Nepal will receive from JICA and USAID (Table 2d, 3,4,5 & 6)

For teaching purposes, it would be convenient to list the activities that will be carried out by component, so that when in the table, they will be easier to identify.

In a particular way:

- In component 1.a, the table indicates that the cost to develop an institution that will cost both for implementation and for their operation, these costs should be attributed entirely to the government to ensure sustainability in the long term. Please identify the government institution.
- Component 4 is the only one with a single frame time and costs by component, being that in the above components to the table for subcomponent. Regarding the budget, isn't too short?
- The component 6 indicates that the program should be completed in 2010, but the amounts listed in the table are for the years 2011, 2012 and 2013?

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: