

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA4169
Printed On: 10/21/2021

Reporting Period: 01/01/2021 to 06/30/2021
Report Type: Progress Report
Report Status: FINAL

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 (to hand-over to Stephen Danyo)
Approving Manager: 00000175113 - Christophe Crepin

Summary Information	
TF Status	ACTV
Recipient Country	Nepal
Executed By	Recipient
Managing Unit	9274 - SSAE1
Grant Start Date / End Date	01/20/2017 to 03/31/2022
Original Grant Amount	5,200,000.00
Grant Amount	5,200,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	USD3.28million as of 06/30/2021
Disbursed 01/01/2021 to 06/30/2021	USD0.42million
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 01/01/21 to 06/30/2021 with regard to Achieving Grant Objectives:

Comment:

There has been modest progress with the implementation since the last review in January 2021. The COVID-19 pandemic, the challenges associated with the federalization process of the forest sector, and the political developments have continued to have an impact on the progress with the implementation of the project. Nevertheless, there is a modest increase in disbursement with a total rate of 63% with USD1.9million still to be disbursed by Grant Closing Date. The project will close on March 30, 2022 and it is expected that the quality of the achievement of the objective will be "Moderately Satisfactory". The REDD IC's staff has now good technical and administrative capacity, which has in turn enhanced its ability to accelerate project implementation. During the reporting period, REDD IC has been proactive in reaching out to the WB Team to discuss consultancies and challenges associated with the implementation of the project. Using, and further enhancing REDD IC's capacities for implementing the remaining project activities remains not only a priority for the REDD+ Readiness project but also for the ER-P, since it is the Program Entity (PE) for the ER-P with the important task to supervise the implementation once the Emissions Reductions Payment Agreements (ERPAs) have been signed.

Overall progress from 01/01/21 to 06/31/2021 with regard to Implementation of Grant Financed Activities:

Comment:

Several consultants and firms have been contracted and are expected to submit inception reports soon which will trigger large lumpsum payments as per contract. The completion of these consultancies will significantly contribute to the project's outcomes; hence it is expected that by the end of Q2/FY22, there will be measurable disbursements, confirming good progress towards achieving the project objective. There are contract agreements in place for four major activities, including developing allometric equations of major tree species in Nepal, a study on the emissions from activities leading to forest degradation (i.e. important for updating Nepal's Forest Emissions Reference Level to the UNFCCC) and collecting the baseline information for the FIP-supported Forests for Prosperity project. Contractual processing has well advanced for the development of the Safeguards Information System (i.e. important for the implementation of the ER-P) and the design of the National Forest Information System. Smaller tasks and goods have been approved as part of the updated and approved procurement plan and draft Terms of Reference (TOR) and specifications are ready to be submitted for World Bank approval. Nevertheless, the Project still needs to disburse about \$1.9 million by the closing date of March 30, 2022, hence the acceleration of the implementation of the remaining activities is essential. Based on the outcomes of the last Implementation Support Mission, the World Bank agreed to extend the GCD from June 30, 2021 to March 31, 2022 for all remaining tasks to be completed and the delivery of high-quality outcomes ensured.

Grant follow-up and structure

Description and context of Grant:

The Grant was restructured in June 2021 and the GA was amended. The Grant was restructured as follows:

Extension of current grant closing date from June 30, 2021 to March 31, 2022. The undisbursed amount beyond this date will have to be returned to FCPF. Based on the updates from REDD IC after the most recent implementation support mission (January 11-15, 2021), it is anticipated that by grant closing date, all resources will be fully used. The Task Team is working with REDD IC to confirm the full use of all resources for eligible activities. A next Implementation Support mission is planned for November 2021

The restructuring has impacted the implementation schedule and allow the GoN to finalize the outstanding activities:

- tree volume and biomass allometric equations of 16 species (9months);
- safeguard information system (9months); and
- database management system linking to the Central Transaction Registry (CATS - Carbon Assets Tracking System) of the FCPF Carbon Fund and Monitoring Reporting and Verification system with the national forest information system (9months).

Moreover, other studies such as updating the forest reference level are still ongoing.

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The signature of the Emissions Reductions Payment Agreement (ERPA) for the Nepal: Emissions Reductions Program (ER-P) for the Terai Arc Landscape was secured in February 2021, hence, the ER-P is now formally in implementation status. The ER-P implementation needs to be supervised by the REDD IC as the implementing entity for the ER-P. The safeguards consistency and gap assessment is ongoing - subject to a positive assessment by the World Bank, ERs from the implementation activities consistent with the seven intervention areas since June 2018 may be retroactively counted.

Expected follow up (if any): The task team will organize regular phone calls with REDD IC to follow up on the implementation of the remaining activities.

Comment on follow up:

The Task Team visited Nepal the last time in February 2020 and had two additional virtual implementation reviews (August 2020, January 2021). The team urged REDD IC and MoFE to accelerate the implementation of the project, bundling consultancies, accelerating the development of the Terms of References (TOR) for the outstanding consultancies and procuring the consultancy services. The lack of in-person visits due to COVID-19 makes the follow up challenging. The TTL ship for the project has been handed over to Stephen Danyo who has in-country presence. That should greatly improve the communication with REDD IC and MoFE and accelerate the implementation of the remaining activities.

A portfolio review between the World Bank (CMU and task team) and MoFE took place on August 26, 2021. It was agreed that Effectiveness conditions will be fulfilled by December 31, 2021.

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

End Date of Last Site Visit (virtual): August 26, 2021

OUTCOME

Comments on outcome achieved from 07/01/2019 to 01/31/2021

Allometric equations of major species

Preparation of sustainable forest management plan (17)

Training programs through Province level FRTC

- SFM
- Forest harvesting
- Gender leadership
- Forest fire management

Training organized by REDD IC

- REDD Implementation training for focal person (1)
- Biometrics training for REDD IC and FRTC staffs (1)
- EGP training (1)
- SFM workshop (1)

Biodiversity monitoring training through PA offices

CF operational plans renewed (50) through DFOs

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

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COMPONENTS

Output and Implementation by Component

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 IC has the mandate to coordinate all REDD+ activities in Nepal, and it organized the first meeting of National REDD+ Coordination Committee (NRCC) in February 2020. Several capacity building trainings (including for the District Forest Offices and REDD+ Desks at the provincial levels) were conducted and more are planned for the next months. Topics included: sustainable forest management, including forest fire management and tree harvesting skills; Monitoring, Reporting and Verification (MRV)/Forest Reference Emissions Level (FREL), including land use change and carbon monitoring and forest biometry; gender leadership; REDD+ orientation, team building and capacity enhancement for REDD+ Desk staff in provinces; exposure visits, and training on social and environmental safeguards.

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:	Under this component , the development and updating of forest management plans for community-managed forests has been supported: 50 community forest (CF) operational plans are being revised (covering smaller forest areas of 25-50 ha in 4 districts in the ER-P area). The guidelines for sustainable forest management (SFM) are being revised to include safeguards provisions and support a participatory approach to forest management. Also, under this component, 40 land use plans for municipalities in and around the ER Program Area have been prepared; and 17 SFM plans were completed, and 6 additional SFM plans are proposed. For all plans in the ER-P area, REDD IC will ensure that ER-P activities are fully embedded and that provisions identified in Environment and Social Management Framework (ESMF) are complied with. Consistent with eligibility criteria, REDD IC has purchased equipment for tree measuring and firefighting to be distributed to District Forest Officers and REDD+ Desks. Additional purchases of goods are expected over the next months consistent with the approved procurement plan.

Component 3. Reference Scenario Formulation and National Forest Monitoring

Status:	Under Implementation
Planned Output:	Reference levels and MRV system
Actual Output:	Activities under this component are jointly implemented by REDD IC and the Forest Research and Training Centre (FRTC), MoFE. A consulting firm has been hired to develop the allometric equations. REDD IC has also hired a firm to undertake the study on estimating GHG emissions from activities leading to forest degradation, including forest fire, forest grazing and illegal timber harvest. The study will help Nepal with updating its FREL to be submitted to the UNFCCC. In addition, the development of a National Forest Information System (NFIS) is ongoing which will help compile, centralize the storage of and improving reporting on forest-relevant data for Nepal. REDD IC and FRTC are planning to develop a Forest Resources Assessment/National Forest Information database entry, storage and analysis system in next few months.

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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 and performance of REDD IC has improved substantially.

Comment on planned and actual Output

Accelerate implementation: During the last mission, REDD IC and the WB Team discussed how the implementation can be accelerated so that disbursement rate improves, and the remaining undisbursed funds are fully utilized for the intended purpose by the closing date of March 31, 2022. Unused funds will have to be returned to the World Bank. The teams also identified ongoing activities that were impacted by the non-project related challenges discussed above:

- Allometric equations of major species;
- Safeguards Information System for Nepal;
- Design of the National Forest Information System;
- Study on emissions from activities leading to forest degradation; and
- Baseline survey for FFPP.

ERPA signature was secured in February 2021.

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. Deepak Kumar Kharal		
Address:	Babar Mahal, Kathmandu, Nepal		
Phone:	977 15339126	Email:	dkkharal@gmail.com
Website:	www.mofsc-redd.gov.np		

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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.

The Grant is closely coordinated with the ER-P and the Forests for Prosperity Project (FPP) supported under the Forest Investment Program. The close coordination has been ensured through the designation of the REDD IC as the implementing entity for all three operations. Hence, capacities build over time within REDD IC and other stakeholder groups with support of the Grant will be fully used for ER-P and FPP implementation. The FPP project area will partially overlap with the ER-P area. In addition, the DGM Nepal project will work in the same geographic area as the FPP. The National Steering Committee (NSC) members for the DGM Nepal represent the same IPs and LCs involved in the Grant, the ER-P and FPP preparation.

WB Implementation Support for the Grant always took the opportunity to discuss the ER-P related issues, the FPP preparation status and the DGM Nepal (also in preparation) by emphasizing the programmatic approach to forest landscape management in Nepal.

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 apart from extending the grant closing date and the adjustments to the implementation schedule.

The Grant was restructured in June 2021 and the GA was amended. The Grant was restructured as follows:

##Extension of current grant closing date from June 30, 2021 to March 31, 2022. The undisbursed amount beyond this date will have to be returned to FCPF. Based on the findings from the recent implementation support mission (January 11-15, 2021), it was anticipated that by grant closing date, about USD400,000 may be unused to be returned to the FCPF TF. With the secured extension, REDD IC should be able to disburse all resources by GCD. The Task Team led by the new TTL with presence in the country is working with REDD IC to complete all remaining activities and achieve the intended project objective.

The restructuring has impacted the implementation schedule and allow the GoN to finalize the outstanding activities:

- tree volume and biomass allometric equations of 16 species (9months);
- safeguard information system (9months); and
- database management system linking to the Central Transaction Registry (CATS - Carbon Assets Tracking System) of the FCPF Carbon Fund and Monitoring Reporting and Verification system with the national forest information system (9months).

Moreover, other studies such as updating the forest reference level are still ongoing.

The signature of the Emissions Reductions Payment Agreement (ERPA) for the Nepal was secured in February 2021.

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

There has been significant improvement on financial and procurement management capacity. REDD IC have received several trainings by the FM and procurement specialists of the task team. REDD IC is very proactive in reaching out to the specialists in case of questions or need for clarification. FM performance remains "Moderately Satisfactory" and procurement performance has been upgraded to "Satisfactory".

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?

REDD IC finalized and disclosed the Environmental and Social Management Framework (ESMF) for the ER Program in October 2019, and it was cleared by the WB. The ESMF has been disclosed in the WB's system and posted on REDD IC website. The development of the Safeguard Information System (SIS) will start in February. In terms of safeguards, the only remaining task is the safeguards consistency and gap assessment for ER measures implemented since June 2018 in order to claim retrospective ERs. REDD IC

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briefed the team on progress with the assessment. The stocktaking part of the assessment has been completed for all 13 districts. The second part includes intervention sampling, site selection and stakeholder interviews. The final part will be the analysis of the findings by a safeguards specialist of whether the ER-P activities have been implemented in a manner consistent with the sustainability principles reflected in the ESMF prepared for the ER-P, i.e. as embodied in the WB safeguard policies underpinning that ESMF. The assessment is expected to be finalized by December 2021.

The REDD IC has progressed with the contractual process of hiring a consultant to support the design and development of the SIS. In addition, training on ESMF implementation is being provided to the provincial-level REDD Desks and DFOs to enhance the capacity for safeguards monitoring.

The overall rating for safeguard remains “Satisfactory”.

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.

The draft benefit sharing plan for the ER Program area was prepared consulting thoroughly with all relevant stakeholders from national, provincial and local level. Similarly, all the plan preparation and revisions as explained are happening based on a 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	2,482,966.87	713,842.85
01/01/2020	06/30/2020	0.00	0.00	2,861,776.56	378,809.69
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00
01/01/2021	01/31/2021	0.00	0.00	3,154,413.08	292,636.52
01/01/2021	06/30/2021	0.00	0.00	3,283,466.44	421,689.88