

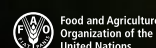
OCTOBER 2024



Final Report on Review of the National REDD+ Strategy of Nepal



UN-REDD
PROGRAMME



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Final Report on Review of the National REDD+ Strategy of Nepal



Government of Nepal
Ministry of Forests and Environment
REDD Implementation Centre
Babarmahal, Kathmandu

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Abbreviations and acronyms

ACOFUN	Association of Collaborative Forest Users Nepal
AEPC	Alternative Energy Promotion Center
AFFON	Association of Family Forest Owners Nepal
ART	Architecture of REDD+ Transaction
BRCRN	Building a Resilient Churia Region in Nepal
BSP	Benefit Sharing Plan
BZ	Buffer Zone
CAPA	Community Adaptation Plans for Action
CATS	Carbon Assets Tracking System
CBFM	Community-based Forest Management
CCMD	Climate Change Management Division
CERP	Critical Ecosystem Restoration Plan
CF	Community Forest
CFUGs	Community Forest User Groups
CIAA	Commission on Investigation for Abuse of Authority
CoLFUGs	Collaborative Forest User Groups
CP/CoP	Conference of Parties
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
DANAR	Dalit Alliance for Natural Resources
D&D	Deforestation and Forest Degradation
DFO	Division/al Forest Office/r
DNPWC	Department of National Parks and Wildlife Conservation
DoE	Department of Environment
DoFSC	Department of Forests and Soil Conservation
DPR	Department of Plant Resources
EIA	Environment Impact Assessment
EOI	Expression of Interest
ER	Emission Reduction
ERPA	Emission Reduction Payment Agreement
ERPD	Emission Reduction Program Document
ESMF	Environment and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FDF	Forest Development Fund
FECOFUN	Federation of Community Forest Users Nepal
FenFIT	Federation of Forest-Based Industry and Trade, Nepal
FFPP	Forests for Prosperity Project
FOP	Forest Operational Plan
FPIC	Free, Prior, and Informed Consent

FRA	Forest Resource Assessment
FRL	Forest Reference Level
FRTC	Forest Research and Training Center
FUGs	Forest User Groups
GCF	Green Climate Fund
GESI	Gender Equality and Social Inclusion
GRM	Grievance Redress Mechanism
ha	Hectare
HIMAWANTI	Himalayan Grassroots Women's Natural Resource Management Association
ICS	Improved Cook Stove
IEE	Initial Environment Examination
IMCCCC	Inter-Ministerial Climate Change Coordination Committee
ITMO	Internationally Transferred Mitigation Outcomes
IP	Indigenous People
IPO	Indigenous People's Organization
KW	Kilowatt
LAPA	Local Adaptation Plans for Action
LEAF	Lowering Emissions by Accelerating Forest Finance
LFUGs	Leasehold Forest User Groups
MAPs	Medicinal and Aromatic Plants
M&E	Monitoring and Evaluation
MoEWRI	Ministry of Energy, Water Resources and Irrigation
MoFE	Ministry of Forests and Environment
MoALD	Ministry of Agriculture and Livestock Development
MoU	Memorandum of Understanding
MRV	Monitoring Reporting and Verification
MSFP	Multistakeholder Forestry Program
MW	Megawatt
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contributions
NDRRMA	National Disaster Risk Reduction and Management Authority
NEFIN	Nepal Federation of Indigenous Nationalities
NFA	Nepal Forester's Association
NFD	National Forest Database
NFMS	National Forest Monitoring System
NGO	Non-Government Organization
NIWF	Nepal Indigenous Women's Federation
NPC	National Planning Commission
NRS	National REDD+ Strategy
NRCC	National REDD+ Coordination Committee
NRSC	National REDD+ Steering Committee
NTFPs	Non-Timber Forest Products
NVC	National Vigilance Center

OAG	Office of Auditor General
OPMCM	Office of the Prime Minister and Council of Ministers
PA	Protected Area
PES	Payment for Environmental Services
PF	Private Forest
RDN	Ratriya Dalit Network
RECOFTC	The Center for People and Forests
REDD+	Reducing Emission from Deforestation and Forest Degradation
REDD IC	REDD Implementation Center
RPIN	Readiness Plan Idea Note
SAWEN	South Asia Wildlife Enforcement Network
SCALE	Scaling Climate Action by Lowering Emissions
SCWMO	Soil Conservation and Watershed Management Office
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable Forest Management
SIS	Safeguard Information System
SOI	Summary of Information
TAL	Terai Arc Landscape
TREES	The REDD+ Environmental Excellence Standard
UNEP	United Nation's Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
USD	United States Dollar
VCM	Voluntary Carbon Markets
VRA	Vulnerability and Risk Assessment
WASH	Water, Sanitation, and Hygiene
WCMC	World Conservation Monitoring Center

Executive summary

The Government of Nepal is committed to emission reduction and carbon removal by engaging in result-based initiatives including Reducing Emissions from Deforestation and Forest Degradation and Conservation and Enhancement of Carbon Stocks and Sustainable Forest Management (REDD+).

Nepal formally initiated such activities with the preparation and submission of the Readiness Plan Idea Note to the World Bank in 2008. With the funding support of the World Bank FCPF and UN-REDD, Nepal implemented several REDD+ readiness activities, including capacity-building and awareness-raising during the readiness phase. Building on experiences of readiness activities, Nepal prepared the National REDD+ Strategy (NRS) (2018-2022) as a guiding framework for REDD+ implementation. The NRS envisions enhancing carbon and non-carbon benefits for forest ecosystems thereby contributing to the prosperity of the people of Nepal backed by a set of interrelated five objectives (Sec 4.3). The NRS comprises of 12 strategies and a total of 69 priority actions thereunder.

The review of the NRS (2018-2022) aims to understand the implementation status, gaps, and barriers to the implementation of NRS against the emerging context of both domestic and international developments in carbon finance and climate change initiatives. The review further explores key priority areas and suggestions to be included in the new NRS. The review task adopted a mix of a desk-based literature review, consultation workshops, and expert interviews/meetings. A wide range of literature including Nepal-specific forestry sector and relevant cross-sectoral policies and legislative instruments were reviewed. Altogether 10 consultation workshops were organized with seven in Kathmandu and three in the FCPF ER Program area. Besides, eight key informant interviews were carried out with experts including former REDD IC chiefs and FRTC.

Nepal has made considerable progress in developing REDD+-related capacity and building blocks including the National Forest Reference Level (FRL), the establishment of the National Forest Monitoring System (NFMS), the Safeguard Information System (SIS), the Nationally Determined Contribution (NDC) and Long-term Strategy for Net Zero Emission, and setting the institutional arrangements associated with the REDD+ and Climate Change. REDD+ agenda is increasingly recognized by and included in policies and legal instruments. Nepal has also made lessons learned for the operationalization of such policy instruments into practices from the implementation of sub-national ER programs in the Terai Arc Landscape (TAL) area.

Nepal has expressed its interest in engaging in the Paris Agreement provision and generating Internationally Transferred Mitigation Outcomes (ITMOs) by defining the Ministry of Forests and Environment (MoFE) as National Designated Authority (NDA) for Article 6.4 of the Paris Agreement. Nepal is preparing a Biennial Update Report (BUR) and an initial Biennial Transparency Report (BTR) simultaneously to be submitted to the UNFCCC by the end of 2024. Nepal is also in the process of amending Environment Protection Regulations 2020 and formulating Voluntary Carbon Market (VCM) guidelines to regulate and bring voluntary carbon initiatives into the broader framework of the jurisdictional ER Program for contributing to the NDC and Long-term Strategy for Net Zero Emission.

The review found that most of the strategies and their priority actions outlined in the existing NRS (2018-2022) have been implemented and progress has been made. Nevertheless, the review found several of the strategies and their actions are underperformed.

More specifically, the slow pace of handing over of the national forests to local communities along with a huge backlog of revision of operational plans of community forests and the absence of the national standard for sustainable forest management appears (Strategy 1) as a major challenge for improved and sustainable

management of forest supporting REDD+ activities. A gap also exists in the documentation and systematic measurement and monitoring of non-carbon benefits which is needed for assessing the effectiveness of NRS and ER Program (Strategy 2). Similarly, despite some encouraging policies, limited progress is made in private forestry development contributing to emission reduction initiatives (Strategy 3). Besides, contradictory policy provisions namely between the Land Act and the Forest Act (related to Strategy 4), and inadequate recognition of and gaps in incorporating traditional knowledge and customary practices in forest management (Strategy 5) are additional barriers to successful REDD+ implementation in Nepal.

Along with the absence of private sectors in REDD+ and ER Program-related decision-making processes, there is a lack of monitoring mechanisms and market standards which are essential to capitalize on the private sector's contribution to ER program through their engagement in sustainable forest-based enterprises (Strategy 6). Likewise, despite some encouraging policies concerning agriculture and livestock development promotion, there are only limited activities such as climate-smart agriculture that are implemented targeting emission reduction and removal (Strategy 7). Similarly, limited progress has been made in reducing emissions from renewable energy (Strategy 8). Moreover, there is inadequate coordination and cooperation between the federal and provincial level forestry sector authorities and local communities to facilitate the effective implementation of REDD+ and ER programs (Strategy 9). There is limited knowledge of REDD+-related safeguards, Benefit Sharing Plan (in FCPF ER Program areas) mechanism, and a lack of common understanding of the Free, Prior, and Informed Consent (FPIC) process among Indigenous Peoples (IPs) and government authorities (Strategy 11). NFMS and SIS are established but are not properly operated (Strategy 12) mainly due to limited skilled human resources, inadequate knowledge, capacity, and limited financial resources (Strategy 10).

While the existing NRS was developed before the actual exercise of federalism in the forestry sector and piloting of sub-national ER projects, formulation of a new NRS building on experiences from the existing one is recommended to provide a consolidated guiding and valid framework to synchronize the national sectoral and cross-sectoral policies and legal provisions of REDD+ in line with the emerging developments related to climate change mitigation actions both at the national and international level. The new NRS is an opportunity to provide strategic guidance on clear implementation arrangements with clear roles and responsibilities among the three tiers of government and beyond across the levels and sectors in addressing D&D and barriers and promoting SFM thereby reducing emissions and enhancing carbon removals concomitantly enhancing non-carbon benefits.

Besides, the new NRS will be complementary to other forestry sector policies and programs, especially to the National Forest Policy (2019), National Climate Change Policy (2019), Forestry Sector Strategy (2016-2025), 16th Plan (2024/25-2028/29), and SDGs together with the contribution to livelihood improvement of forest-dependents, safeguarding community rights, and biodiversity conservation through implementing sustainable management of forest. The new NRS is also critical to advance ongoing and explore opportunities to engage in several result-based carbon initiatives to meet Nepal's long-term contribution to emission reduction and carbon removal and harness carbon benefits to the right holders and stakeholders' by capitalizing on their efforts and commitment to forest management in a sustainable way.

Likewise, improvement of coordination and cooperation among the REDD+-related institutions across the sectors and governing levels is strongly recommended to enhance recognition, ownership, and accountability for REDD+ activities. To provide confidence to global communities (e.g., investors/buyers), reduce risks, and ensure sustainable outcomes, there is a need to establish a National Carbon Registry System, maintain NFMS with updated data, and build capacity on MRV and SIS by enhancing skilled human resources. Capacity development and awareness-raising of the REDD+ process including FPIC and BSP among the government authorities, political leaders, media, private actors, Indigenous Peoples, Dalits, Madhesi, and local communities need to be implemented regularly. The restructuring of REDD+ IC into an autonomous entity can enhance the organizational credibility needed to access carbon transaction opportunities.

1. Introduction

1.1 International context of REDD+

Reducing Emissions from Deforestation and Forest Degradation and Conservation and Enhancement of Carbon Stock and Sustainable Management of Forests (REDD+) is a result-based financing mechanism developed under the United Nations Framework Convention on Climate Change (UNFCCC) (Maniatis *et al.*, 2016). This mechanism encourages developing countries to reduce deforestation and forest degradation and enhance carbon removal by offering financial incentives for their contribution (Guizar-Coutino *et al.*, 2022).

The introduction of REDD to the UNFCCC agenda for the first time entered at CoP 11, Montreal in 2005. This evolved to become REDD as part of the Bali Action Plan at CoP 13 in 2007, as a forest-based climate change mitigation approach aiming to incentivize developing countries for their contribution to carbon emissions and removals (Maniatis *et al.*, 2016). Parties adopted the Cancun Agreement in CoP 16 (Decision 1/CP.16 paragraph 70) in 2010 and formally agreed on the scope of REDD+ with five activities including (i) Reducing carbon emissions from deforestation; (ii) Reducing carbon emissions from forest degradation; (iii) Conservation of forest carbon stocks; (iv) Sustainable management of forests; and (v) Enhancement of forest carbon stocks. The agreement (Paragraph 71 of the Decision 1/CP.16) further requests developing countries to develop a National Strategy or Action Plan, sub-national or National Forest Reference Level (FRL), a transparent National Forest Monitoring System (NFMS), and a system of providing safeguard-related information. The Agreement further adopted REDD+-related seven safeguards to be promoted and supported when undertaking REDD+ (Decision1/CP.16, Appendix I).

More importantly, Parties adopted the “Warsaw Framework for REDD+” in CoP 19 consisting of seven decisions related to result-based REDD+ including coordination of support for REDD+ activities, modalities for FREL, MRV, and NFMS, Safeguard Information System (SIS) guidance, timing and frequency of presentation of SOI, joint mitigation and adaptation approaches and methodological issues related to non-carbon benefits. This negotiation is recognized as a breakthrough for REDD+ which provides clarity on several issues related to the implementation of REDD+ activities referred to in paragraph 70 of the decisions 1/CP.16. Since the adoption of the Warsaw Framework for REDD+ in 2013, 60 developing countries have reported REDD+-related activities to the UNFCCC secretariat. The activities implemented by developing countries cover a forest area of about 1.35 billion hectares, which is approximately 62% of the forest area in developing countries. Moreover, 22 countries reported a reduction of 14 billion tons of carbon dioxide, fulfilling the requirements to obtain results-based finance (UNFCCC, 2023).

The role of REDD+ in the mitigation of climate change is also recognized in the Paris Agreement mainly through Article 5 of the Agreement. While REDD+ adheres to the UNFCCC requirements to be eligible for results-based payments or finance, there is a need for clarity on integrating REDD+ activities under Article 5 of the PA into Article 6.4 market mechanisms (a centralized system to be supervised by the UNFCCC) of the Paris Agreement, particularly regarding the implementation of corresponding adjustments. REDD+ initiatives and projects could also be adopted under Article 6.2 mechanisms as agreed by parties bilaterally. Article 6.2 of the Paris Agreement gives way for REDD+ initiatives/projects to be generated Internationally Transferred Mitigation Outcomes (ITMOs) contributing to another country’s NDC through authorized “Corresponding Adjustments” and opens up a broader application of REDD+ to global climate finance potential.

Some multinational and bilateral readiness and result-based carbon initiatives were started to operationalize REDD+ under the UNFCCC through the Forest Carbon Partnership Facility (FCPF) of the World Bank and UN-REDD. Similarly, LEAF Coalition- a unique public-private partnership came up in CoP26 as an innovative initiative to further contribute to the tropical countries' efforts in reducing emissions by reverting deforestation and forest degradation result-based payment by purchasing large volumes of high-quality forest carbon credits under the result-based payment architectures.

LEAF Coalition purchases carbon credits that meet the requirements and criteria of the REDD+ Transactions (ART) TREES (The REDD+ Environmental Excellence Standard (TREES)). The ART is an independent organization, and its approaches are fully aligned with the requirements of the Paris Agreement, and it follows the highly credible standard -TREES and aims to mobilize capital at scale for protecting and restoring tropical forests thereby generating high-integrity emission reduction and carbon removal and contributing to achieving the global goal of climate mitigation.

Glasgow Leaders' Declaration on Forests and Land Use emphasizes halting and reversing forest loss by 2030, promoting sustainable development, and significantly increasing public and private finance to support sustainable agriculture and forest management. Under the global forest finance pledge, the leaders announced to collectively provide USD 12 billion for forest-related climate finance between 2021-2025 to incentivize results and support action in Official Development Assistance (ODA) eligible forest countries where increased ambition and concrete steps are shown towards ending deforestation by no later than 2030. At least USD 5.4 billion has been committed to REDD+ activities through multiple development financial institutions (Maguire *et al.*, 2021).

1.2 Policy and institutions on REDD+ in Nepal

Nepal initiated forest-based climate change mitigation initiatives including REDD+ with the submission of the REDD Readiness Plan Idea Note (R-PIN) to the Forest Carbon Partnership Facility (FCPF) of the World Bank in March 2008 and the Readiness Preparation Proposal (RPP) in April 2010. Nepal scaled up its collaboration with the FCPF of the World Bank by implementing readiness activities for forest-based climate mitigation initiatives (e.g., REDD+).

The REDD+-related scope was first articulated in Nepal's Forest Policy 2015 outlining that Nepal would engage in international REDD+ mechanisms including the World Bank's Carbon Fund initiative by developing necessary policies and programs. These provisions indicated Nepal's commitment and interest in engaging appropriately in the REDD+ initiatives. To provide a broader framework and guidance for the implementation of REDD+ and exploring policy scope, Nepal developed a National REDD+ Strategy (NRS) in 2018. The development of the NRS was also to fulfill one of the four designed elements to be eligible to receive REDD+ result-based finance through for implementation of REDD+ activities as agreed upon under the UNFCCC processes (according to paragraph 71 of the decision 1/CP.16). The NRS guides to a specific set of approaches and programs to address the concerns regarding deforestation and forest degradation, collective forestland tenure, forest governance, institutional coordination, social and environmental safeguards, and gender and social inclusion. The NRS provided a framework to address multidimensional and complex drivers of deforestation and forest degradation (D&D) while creating co-benefits such as improving livelihoods, biodiversity conservation, and forest governance.

The scope of REDD+ in Nepal has been gradually institutionalized in the relevant sectoral and cross-sectoral policies and strategies. For example, the National Forest Policy, 2019 has recognized the forest-based emission reduction initiative including REDD+ as one of the major approaches to the country's overall emission reduction targets. Similarly, Nepal's National Climate Change Policy, 2019 recognizes the role of REDD+ and the related NRS towards establishing the agenda of forest-based climate change

mitigation in Nepal through strategically addressing the drivers and causes of deforestation and forest degradation. The policy further envisions REDD+, inter alia, as a means to access financial resources required to mobilize and strengthen ecosystem and social resilience. The policy emphasizes equitable benefit-sharing whereby at least 80% of the funds and benefits including from REDD+ and similar initiatives will be distributed to the communities (MoFE, 2019). In the transformative Strategies of Biodiversity, Climate Change, and Green Economy theme of the 16th Plan (2024/25-2028/29)¹, some points such as providing subsidies for carbon emission technology, increasing carbon stock in the forests through improved forest management, and increasing benefits from carbon trade have been highlighted (NPC, 2024).

REDD+-related legal provisions are in place in Nepal's Environment Protection Act 2019 and Forest Act 2019, and their associated Regulations. Environment Protection Act, 2019 (Article 28) allows the Government of Nepal (GoN) to participate in the carbon trade with mechanisms established by the international treaty for the emission reduction and enhancement of carbon stock. The Forest Act 2019 outlines the provision for forest carbon trade and distribution of their benefits (Article 44 (a) and (b) of section 13) through the development of the Forest Development Fund (FDF). Similarly, Forest Regulation 2022 further specifies the emission reduction program development process (Rule 107), FPIC process (Rule 107 (6)), and carbon benefit distribution with the decision-making process of the FDF based on the benefit sharing plan (Rule 107 (7-8), 115). REDD+ receives a high level of commitment from the GoN as expressed in the budget speech for the fiscal year 2024/25 to continue the carbon trade through REDD+ and similar emission reduction initiatives across the country.

Besides, Nepal developed REDD+-related capacity and building blocks including its National FRL, and submitted them to the UNFCCC in 2017 to fulfill the requirement of Decision 1/CP.16 (Cancun Agreement) as well as to express the country's interest in and capacity for involvement in REDD+-related initiatives. The national FRL assesses source-wise carbon emissions and removal status to inform the global communities about Nepal's carbon emission status. Likewise, Nepal has established an NFMS and SIS and preparing safeguard-related documents including REDD+ FPIC Guideline and Summary of Information (SOI) to inform how safeguards are recognized, respected, and promoted during the REDD+ implementation. Moreover, Nepal's emission reduction commitment documents submitted to the UNFCCC such as the Nationally Determined Contribution (NDC) 2020 and Long-term Strategy for Net Zero Emission 2021 have explicitly highlighted the role of REDD+ in achieving the country's emission targets. The NDC 2020 identifies REDD+ as a source of benefits that is mobilized to address deforestation and forest degradation concerns thereby achieving mitigating targets through maintenance of at least 45% national forest cover. The Long-Term Strategy for Net Zero Emissions also emphasizes engaging non-market mechanisms under Article 6.8 for the AFOLU sector to achieve carbon neutrality by 2045.

The MoFE is currently in the process of amending Environment Protection Regulations 2020 and developing Voluntary Carbon Market (VCM) Guidelines to provide a common framework for ongoing and future land-based and other voluntary carbon initiatives. This underscores the expansion of carbon emissions trading by engaging in market mechanisms such as through ITMOs as referred to in Article 6 of the Paris Agreement. As a party to the Paris Agreement, Nepal is exploring the appropriate approaches to align land-use and other sectoral emission reduction initiatives with market approaches (i.e., Article 6.2 and 6.4) and non-market approaches (i.e., Article 6.8) stipulated in the Paris Agreement. All the above-mentioned new policy provisions and emission reduction initiatives need to be mainstreamed in the new NRS.

¹ <https://npc.gov.np/en/page/publications>

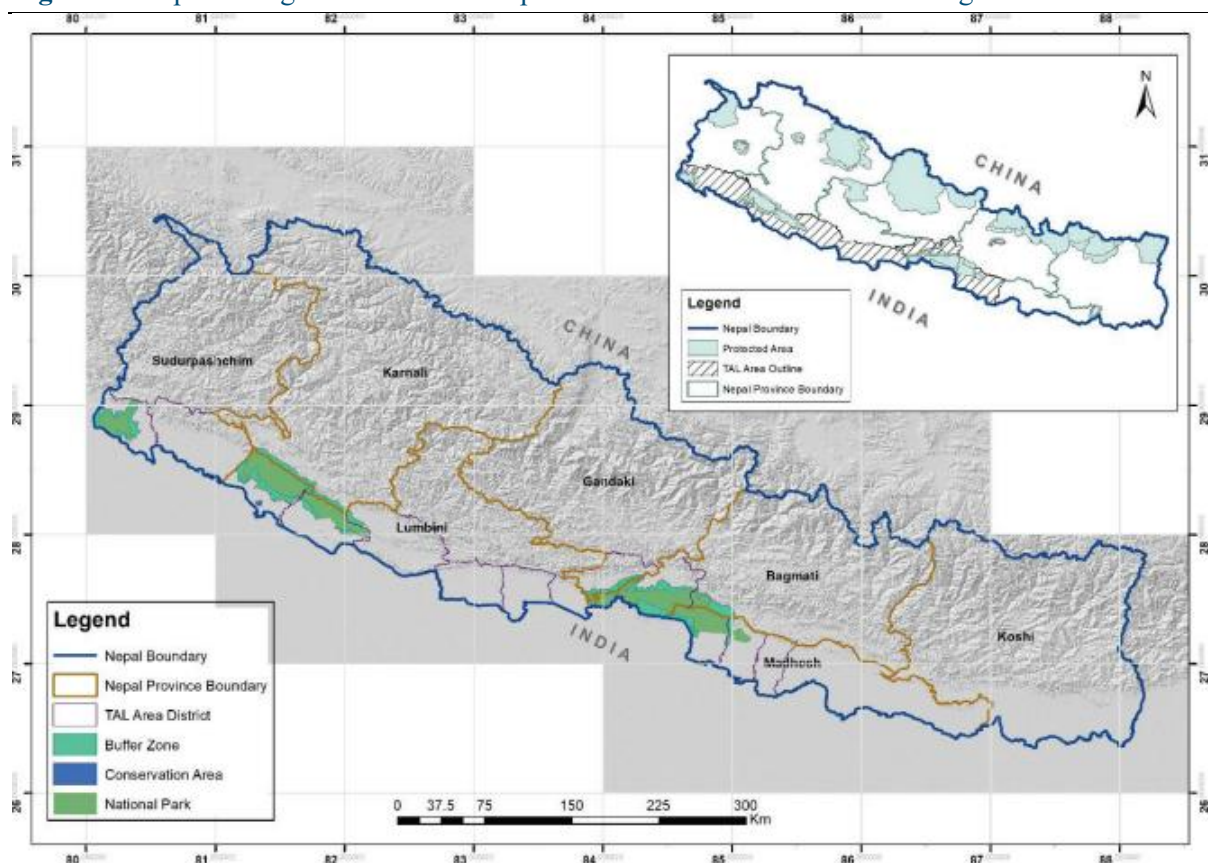
Nepal has duly emphasized ensuring constitutional and legislative provisions along with the safeguards related to IPs and local communities' rights in REDD+ and ER programs by integrating separate strategies in the existing NRS (Strategies 5 and 11). Nepal has established SIS to promote and support IPs and LCs rights with the REDD+ safeguards Principles, Criteria, and Indicators (PCI). Likewise, MoFE has drafted FPIC guidelines for fulfilling domestic and international requirements for the implementation of REDD+ initiatives.

Nepal established REDD+-specific decision-making and institutional arrangements to facilitate the implementation of the REDD+ initiatives. Under the MoFE, a dedicated institution – the REDD Implementation Centre (REDD IC – previously REDD-Forestry and Climate Change Cell) was established in 2009 to coordinate and facilitate REDD+ activities across the country. Two high-level arrangements are established such as the National REDD+ Steering Committee (NRSC) to oversee and provide strategic guidance while the National REDD+ Coordination Committee (NRCC) to make decisions on technical matters and implementation arrangements. A multi-stakeholder forum and IPs and Civil Society Organization (CSO) alliances are also established as platforms for sharing experiences and progress receiving feedback in the REDD+ implementation process.

1.3 Status of REDD+ implementation in Nepal

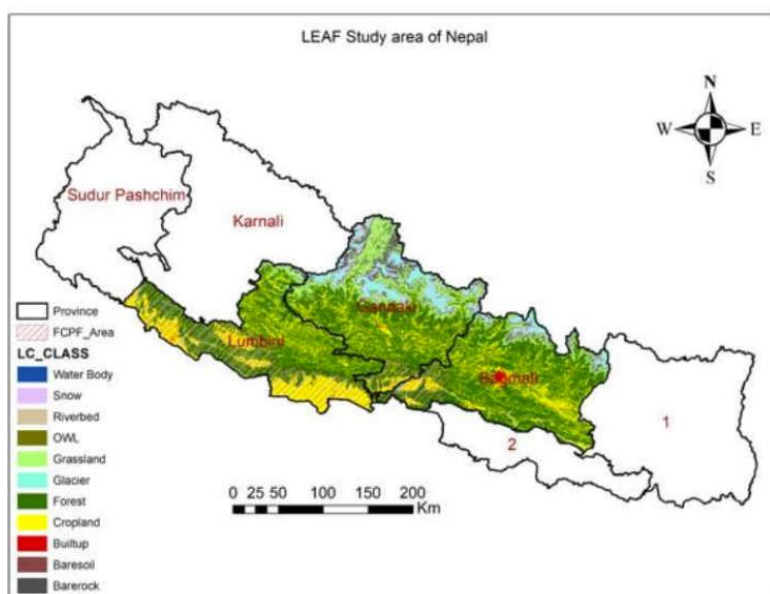
Building on the lessons and experiences of the readiness phase, Nepal initiated the first REDD+ results-based payment initiative with the World Bank's FCPF Carbon Fund adhering to the strategies and actions outlined in Nepal's NRS. This is a sub-national level REDD+ initiative known as the Emissions Reduction (ER) Program operated in the jurisdiction of 13 districts of Nepal's Terai Arc Landscape (TAL) areas with a crediting period effective from 22 June 2018 to 31 December 2025 (Figure 1). The FCPF ER Program is aligned with the UNFCCC REDD+ designed elements (i.e., the National Strategy and Action Plan, NFMS/MRV, FRL/FREL, and SIS) stipulated in the Cancun Agreements and Warsaw Framework and the methodological framework of the FCPF Carbon fund. The overall payment process and carbon transaction of this initiative are guided by the provisions agreed in the Emission Reduction Payment Agreement (ERPA) jointly signed by the Government of Nepal and the World Bank in February 2021 and associated documents including the Emission Reduction Program Document (ERPD), Environmental and Social Management Framework (ESMF) and Benefit Sharing Plan (BSP). The first carbon monitoring of this initiative has been accomplished for the accounting period effective from 22 June 2018 to 31 December 2021 and the monitoring report is under validation and verification by the accredited third-party independent validation and verifier body (Aster Global is nominated as the validator/verifier for Nepal's ER Program). The verified carbon credits will be registered in the World Bank's carbon registry system – the Carbon Assets Tracking System (CATS).

Figure 1: Map showing Terai Arc Landscape for FCPF Emission Reduction Program Area



Nepal is currently preparing for its second ER Program with results-based payments intended through the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition, covering the 36 districts in total including 13, 11, and 12 districts of Bagmati, Gandaki, and Lumbini Provinces respectively, with the crediting period of 2022 to 2026 (therefore, partially overlapping with the FCPF Carbon Fund area and crediting period) (Figure 2). The ER program of the LEAF Coalition adopts the Architecture of REDD+ Transactions (ART) “The REDD+ Environmental Excellence Standard (TREES)” as its standard. The LEAF Coalition has set a minimum price of USD 10 for each ton of verified CO_{2e}-carbon credit.

Figure 2: Map showing Program Under LEAF Coalition Emission Reduction Program



- ☐ **Jurisdiction: 3 Provinces**
(Bagmati, Gandaki, Lumbini)
- ☐ **Forest Area: 3.20 M Ha**
- ☐ **Project Period: 2022- 26**
- ☐ **Estimated ER: 30 M CO₂e**

REDD IC is responsible for preparing the necessary preparatory documents including an ART-TREES Registration Document (TRD), which outlines the carbon accounting including the baseline, draft Benefit Sharing Plan, FGRM mechanisms, Stakeholder Engagement and FPIC process, and Environmental and Social Safeguards among others. The GoN has implemented the Green Climate Funded (GCF)-funded project – Building Resilient of Churia Region of Nepal (BRCRN) in 26 river systems to reduce carbon emissions and enhance removal through a set of interrelated activities identified in the Critical Ecosystem Restoration Plans (CERPs). The project is up-front based, with mitigating 11.48 million tCO₂ eq in the 20-year lifespan of the project (GCF, 2019). A similar GCF-funded project entitled “Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal” aims at mitigating 200, 974 tCO₂ eq in 7 years and 847,250 tCO₂ eq in 20 years (GCF, 2020). The Forests for Prosperity Project (FFPP) aims to increase sequestration of 17.74 million tCO₂ over the 30 years of the project implementation. Nepal can access climate finance from the RBPs of the GCF and other bilateral sources through REDD+ mitigation actions and ER programs.

The GoN is further exploring other options for the result-based ER Program including the new result-based climate finance program such as Scaling Climate Action by Lowering Emissions (SCALE) administered by the World Bank. The SCALE is an umbrella multi-partner trust fund that aims to build on the World Bank’s 20 years of experience with high-integrity emissions reduction credits. Through result-based finance, the SCALE attempts to support host countries to build a track record of generating verified emission reductions that they can apply towards their national emission targets (per their NDC) as well as yield excess credits that can be made available for carbon markets.

Nepal has expressed its interest in engaging in market approaches under Article 6 and has identified MoFE as the National Designated Authority (DNA) to Article 6.4 of the Paris Agreement². With the privilege of being the least developed country, Nepal is currently preparing the initial Biennial Update Report (BUR) along with supporting documents including the report on national greenhouse inventory emissions by sources and removal by sinks, mitigation actions and their effects, finance, technology, and capacity-building needs, and information on Domestic MRV which is expected to submit to the UNFCCC by 31 December 2024 (as per the Decision 2/CP.17). As per Article 13 of the Paris Agreement and decision 18/CMA.1, Nepal is also preparing an initial Biennial Transparency Report (BTR) with

² https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/national-authorities#country_ltoQ

the progress made in NDC, climate change impacts and adaptation to be submitted to the UNFCCC by the end of 2024.

1.4 The Rationale for Reviewing National REDD+ Strategy

As discussed in section 1.3, the existing NRS was developed to provide common guidance and framework for advancing the country's efforts in the REDD+ initiative, however, its validity ended in 2022. This expiration poses a significant challenge as it creates a gap in structured guidance and strategic direction for ongoing and future REDD+ activities. Without a valid and updated framework, there is a risk of fragmented efforts, lack of coordination, and potential inefficiencies in achieving the desired outcomes of reducing deforestation and forest degradation. Therefore, it is imperative to develop the NRS to ensure continuous and coherent progress in the REDD+ initiatives. After the NRS came into effect, there have been several policy developments regarding REDD+ at the national and international levels. At the National level, the policy and legal instruments include the National Forest Policy (2019), National Climate Change Policy (2019), Forest Act (2019) and its Regulations (2022), Environment Protection Act (2019) and its Regulations (2020) with special provisions related to REDD+ and forest-based emission reduction program in the forest sector.

The new policies and legislative arrangements have provided some level of space for REDD+ and emission reduction initiatives. For example, the National Forest Policy 2019, National Climate Change Policy 2019, Environment Protection Act 2019, and Forest Act 2019 and their regulations reflect the scope of REDD+ implementation, yet they do not provide detailed approaches to the implementation. These legal bases rationalize a need for REDD+-specific documents such as the NRS in Nepal to provide a consolidated framework for the REDD+ implementation with the proper synchronization of sectoral and cross-sectoral policies with the international climate policies. Similarly, the existing Forestry Sector Strategy (2016-2025) and upcoming Integrated Strategic Plan for the National Forests (2024-2043)³ have perceived REDD+ as an integral part of their achieving emission reduction and revenue generation targets. These strategies provide a comprehensive framework for the multidimensional objectives of the forestry sector.

Meanwhile, Nepal informed the country's commitment to reducing carbon emissions through REDD+ and similar approaches by submitting its NDC 2020 and Long-Term Strategy for Net Zero Emission 2021 to the UNFCCC secretariat. The targets are anchored with the global goal of emission reduction defined in the Paris Agreement. This calls for a new NRS with strategic actions contributing to the national efforts in achieving essentially ambitious targets.

Similarly, with the adoption of the Rulebook at the CoP 26 in Glasgow in November 2021, Article 6 of the Paris Agreement guides market (Articles 6.2 and 6.4) and non-market (Article 6.8) approaches to carbon emission as mentioned above.

In the meantime, Nepal has obtained some level of practical and institutional experiences and lessons through its first result-based payment mechanism executed under the FCPF Carbon Fund at a moment when Nepal's forestry sector is undergoing the federal governance structure. There is a need to review the institutional arrangements in the context of federalism to evaluate how national and sub-national institutions and policies function to carry forward REDD+-related activities. The roles and responsibilities of the three governments (i.e., federal, provincial, and local) within the forestry sector were not clear during the development of the NRS (2018-2022). The lessons and observations of both institutional and programmatic insights are useful to update the NRS by building on the existing good

³<https://www.dofsc.gov.np/content/75/integrated-strategic-plan-of-national-forest-2081-2100/>

practices and bridging gaps with appropriate programs and plans. The context rationalizes the need for a new NRS to synchronize the recent policy development at the national and international levels.

1.5 Objectives

The main objective was to assess the status, challenges, and gaps of the implementation of the existing NRS against the emerging international and national contexts and to explore opportunities for a new NRS.

1.6 Limitations

While the NRS has the scope and effectiveness at the national level implementation, only three field-level stakeholder consultations were organized with the stakeholders from 13 FCPF ER program districts during the review period. While the FCPF ER program epitomizes Nepal's first result-based initiatives in compliance with the NRS, several REDD+ capacity-building activities of REDD+ have been carried out in other parts of Nepal which could have made some progress in REDD+ activities. The consultations with the stakeholders confined to specific regions and program areas might not adequately reflect the national-level overview. Nevertheless, to overcome this limitation, the review team organized consultations with the representatives of concerned government organizations and other REDD+-related stakeholders including the federal-level network of forest groups, Indigenous People Organizations, *Dalit*, Women, *Madhesi*, the private sector, and development organizations to acquire national perspectives and experiences on REDD+.

2. Approach and methodology

2.1 Approach

This study was carried out by adopting a mix of desk-based literature reviews and consultations with individual experts and groups of stakeholders. The desk-based literature review was executed to identify the national-level implementation status with the national scale data and information. The study identified the FCPF ER Program as the case study site for reviewing sub-national level implementation status, gaps and barriers, and priority areas. So, data and information for the FCPF ER Program were acquired from the FCPF ER Program-related documents. The desk-based outcome was complemented by the consultation with the national and field-level stakeholders. The review process adopted a participatory, consultative, and transparent approach.

2.2 Methodology

The relevant information and data for the NRS review were collected mainly through two techniques namely, desk-based literature review and stakeholder consultation and expert interview.

2.2.1 Desk-based literature review

A broad range of literature and documents were reviewed to collect the information and evidence related to REDD+ and NRS. The relevant information and data were collected in the form of numbers or explanations. The collected information and evidence were consolidated and synthesized especially to determine the status and the gaps in the NRS implementation and identify priority areas to be included in the new NRS. For this, REDD+ (or carbon emission reduction) related agreements within the UNFCCC and beyond and relevant reports were reviewed to understand how the priorities and concerns

are developed globally concerning REDD+ and forest-based climate initiatives to achieve ambitious global goals of climate change mitigation. The review provided insights to be included in the new NRS. The list of the major policies and other documents reviewed during the assignment is presented in **Annex 1**.

The Nepal-specific relevant forestry and climate change-related policy and legislative instruments formulated before and after the development of the NRS were reviewed to understand how REDD+-related decisions of the UNFCCC and the strategies and actions of the NRS are reflected and incorporated. Some reviewed documents include National Forest Policy, 2019, National Climate Change Policy, 2019, Integrated Strategic Plan for the National Forest (Draft), and Voluntary Carbon Market (VCM) Guidelines (Draft). Similarly, the Environment Protection Act 2019 its Regulations 2020, and Forest Act 2019 and its Regulations 2022, provincial forest acts were minutely reviewed to analyze the REDD+-related legal arrangements instituted to facilitate the REDD+ process in Nepal. Additionally, Nepal's international commitment documents such as the second NDC (2020) and Long-term Strategy for Net-Zero Emission (2021) were reviewed to understand how the roles and the scope of REDD+ and NRS are reflected in these documents. The Gender Equity and Social Inclusion Strategy in the Climate Change Sector (2021) has also been reviewed to understand how the social safeguards measures are integrated and mainstreamed into the climate change mitigation and adaptation sector.

Likewise, Nepal's National FRL, NFMS, and SIS were reviewed to understand the data level and operational status that are useful for implementing NRS and REDD+ activities.

Similarly, other relevant published and unpublished documents, including periodic plans, and annual progress reports of the relevant agencies were also reviewed. More specifically, FCPF ER Program-related documents such as ERPD, FRL, Gender Action Plan, and Environment and Social Management Framework (ESMF) were reviewed to understand how these operational documents of Nepal's first result-based ER Program have aligned the strategies and actions outlined in the NRS.

Likewise, the recently prepared "First Emission Reduction Monitoring Report (ERMR) 2023" of the FCPF ER Program was reviewed to assess how the proposed strategies and actions of the NRS are implemented on the ground. The official records about investment in forestry activities, number, and area handed over to forest user groups, forest fire incidences, the status of the implementation of REDD+ safeguards standards and Grievance Redress Mechanisms (GRMs), etc. available in the public domain were obtained to justify the achievement that is articulated in the FCPF ER Program monitoring report.

2.2.2 Consultation and interviews

The review involved two types of consultations –with REDD IC and with REDD+-related stakeholders as part of the information collection. The review team was constantly in touch with the Chief and other officials of the REDD IC and the UN-REDD National Coordinator throughout the review process, especially to share the review progress and outcome and seek their strategic guidance and necessary support in coordinating and identifying the participants for the federal and field-level stakeholder consultations. As part of the assignment, the team participated in a kick-off meeting with REDD IC officials on 22nd March 2024 to discuss the methodologies for the review report preparation work. Similar consultations were organized as and when necessary, especially for preparing field consultation plans and participant selection for the federal and field-level consultations.

The latter type of consultation was mainly undertaken as part of the review approach to collect feedback, inputs, and experiences from the REDD+-related stakeholders and rights holders including the experts, federal and provincial level government officials, CSO networks (e.g., FECOFUN, ACOFUN, etc.),

IPs organizations (e.g., NEFIN and NIWF), and representatives of Women (i.e., HIMAWANTI), Dalit (RDN), Madhesi, and private sector.

Altogether 10 consultations were carried out (seven in Kathmandu and three in the FCPF ER Program area) where a total of 218 participants including government officials, local communities, women, IPs, *Dalits*, and *Madhesi* attended (**Annex 2**). Of the total, 21% and 27% of participants were women and IPs respectively. The disaggregated lists of participants are presented in Table 1. Before carrying out cluster-level consultations in the ER Program area, separate consultations were carried out with representatives of FECOFUN, NEFIN, and RECOFTC (on 31st March 2024 in REDD IC) and with the development partners (on 16th April at Babarmahal, Kathmandu) to share the objectives and process of the NRS review, to seek their suggestions for the proposed review methodologies, and to seek their necessary supports in coordinating with their affiliated institutions for field-level consultations. Besides, the consultations were useful in enhancing ownership among the key REDD+ right holders (i.e., FECOFUN and NEFIN) over the NRS review process as well as in designing and refining the checklist for the field-level stakeholder consultations.

Table 1: Participation Details by Ethnicity and Gender

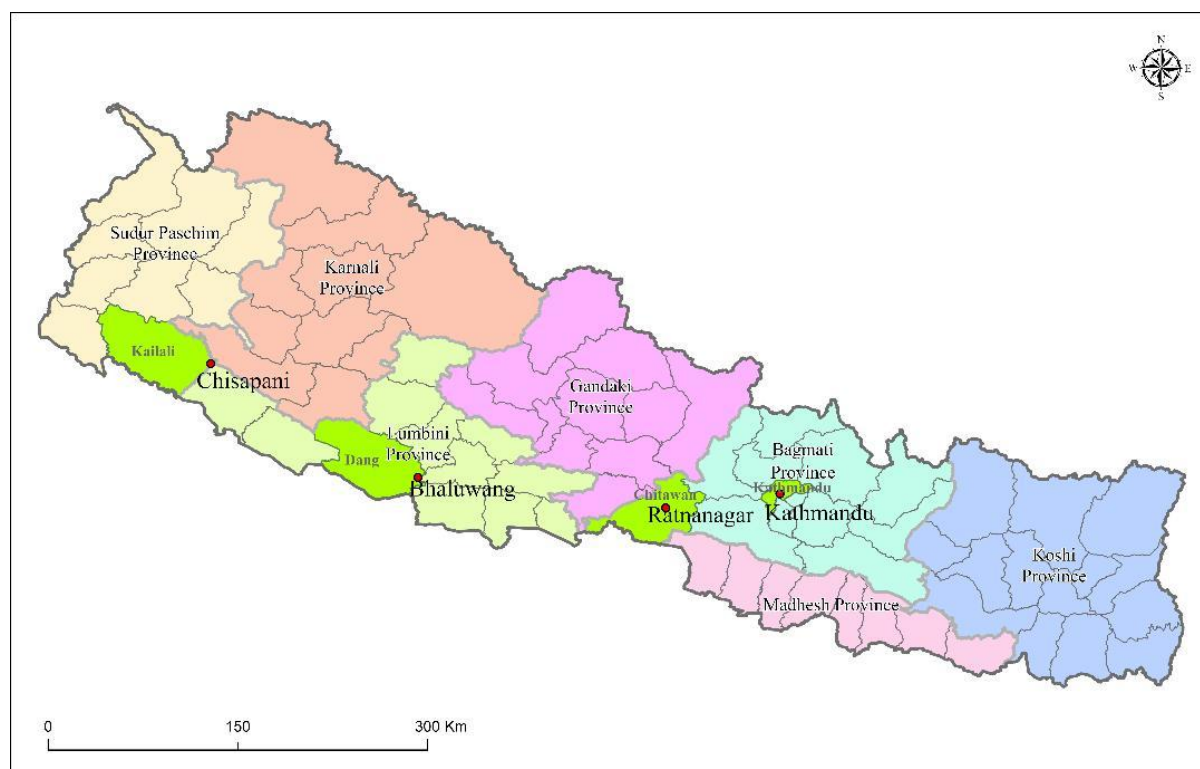
Location/Institution	Participants of consultations (Ethnic group-wise)				Total	Gender-wise participants details	
	Indigenous Peoples	Dalit	Madhesi	Other		Male	Female
Chitwan	12	1	8	14	35	33	2
Dang	7	1	2	16	26	21	5
Kailali	7	3	3	25	38	31	7
FRTC	1	0	0	7	8	8	0
NEFIN (Federal)	15	0	0	0	15	12	3
FenFIT	1	0	0	6	7	6	1
FECOFUN (Federal)	2	0	2	16	20	10	10
CSOs	3	2	0	1	6	3	3
Development Partners	6	1	1	19	27	17	10
National (Kathmandu) stakeholders	5	0	2	29	36	32	4
Total	59	8	18	133	218	173	45

Three consultation workshops were organized with the relevant stakeholders of the FCPF ER Program area. The first workshop was organized in Ratnanagar, Chitwan with participants from Rautahat, Bara, and Parsa districts of Madhesh Province, Chitwan and Makwanpur (Handikhola and Manhari area) districts of Bagmati Province, and Nawalpur district of Gandaki Province. The second workshop was

organized in Bhaluwang, Dang where stakeholders from Nawalparasi West, Rupandehi, Kapilvastu, and Dang districts of Lumbini Province participated. The last and third workshop was held in Chisapani, Kailali where participants from the Banke and Bardiya districts of Lumbini Province and Kailali and Kanchanpur districts of Sudurpashchim Province attended. The location of the consultation meetings is presented in Figure 3. A total of 99 participants were involved in these workshops from key government officials of the Province Forest Ministries, Forest Directorates, Division Forest Offices, Protected Area Offices, local governments, and forest-based civil society organizations including provincial and district-level FECOFUN, ACOFUN, HIMAWANTI, IP organizations such as provincial and district-level NEFIN and NIWF, Women and Dalit Organizations. The list of participants is presented in **Annex 2**.

The REDD IC Chief participated in the workshop held in Chitwan, whereas the focal person from REDD IC attended the workshops organized in Dang and Kailali. The UN-REDD National coordinator participated in all three workshops. The team of consultants facilitated the workshop as per the schedule (**Annex 3**) with a set of checklists (**Annex 4**) developed for participants considering the mandate, scope, and responsibilities of forest management. Groups were divided mainly into three categories namely, government officials (Forest Ministry, Forest Directorate, DFOs, PA Offices, Local Government), CSO network (FECOFUN, ACOFUN, *Dalit* organization, HIMAWANTI), and IP Organizations (NEFIN, NIWF). The field-level consultations were focused mainly on understanding stakeholder views on the implementation status, barriers, and key priority areas for the new NRS considering the strategies and actions mentioned in section 4.5 of the existing NRS. The detailed workshop summary is given in **Annex 5** and key learnings, observations, and input of field-level consultation are incorporated appropriately in implementation status, gaps and barriers, and priority areas in the below sections.

Figure 3: Location of Consultation Workshops



Besides, key informant interviews were organized with the REDD+ experts such as the Secretary of the MoFE, former REDD IC chiefs, the Climate Change Management Division (CCMD) chief, representatives of DNPWC, and FRTC (**Annex 2**) with a set of checklists (**Annex 4**). These interviews were supportive of the review process especially to get updates on how Nepal is accommodating new mitigation decisions, key gaps and barriers to the NRS implementation, and the priority areas for the future NRS.

Consultations were held separately in Kathmandu with local community network organizations, IP organizations (NEFIN and affiliated organizations), and private sector organizations (e.g., Federation of Forest-Based Industry and Trade Nepal-FenFIT and other affiliated organizations) to seek their feedback on the draft NRS review. Finally, a consultation workshop was organized in Kathmandu with representatives from federal-level government officials, forest-based professional associations, and development partners who have been supporting REDD+-related initiatives in Nepal (**Annex 2**). A brief synthesis of field-level consultations, observation of expert interviews, and desk-based literature were also shared with the workshop participants.

2.2.3 Consolidation and synthesis of information

The information and data obtained from the literature review were consolidated as per the relevancy to the sections of the existing NRS. The numerical-type data are presented in the relevant section of NRS, while text (narration)-based information collected from the literature and opinion-type data such as observations and perspectives that were obtained from expert interviews, and federal-level consultations were consolidated and synthesized to form common inferences. Similarly, feedback and input in terms of opinion obtained from the field-level consultations (**Annex 5**) were consolidated and synthesized with literature-based information to form common inferences. Besides, the perspectives and observations of the consultant team were appropriately included based on their working experiences and policy understanding relevant to the NRS and forest-based climate change mitigation.

2.3 Structure of the report

Section one is the introductory section of the review report which comprises general background information on the global development of REDD+, policy provisions, and the status of REDD+ implementation in Nepal. Section two discusses the techniques used for the collection of data and information. Section three provides salient features of the existing NRS and more importantly, key findings on the implementation status of the NRS, gaps/challenges during implementation, and suggestions for the new NRS are discussed in section four. The report further includes the conclusion section with key findings.

2.4 Report preparation and sharing

The team of consultants submitted the digital form of the first draft report to FAO Nepal and UNEP-WCMC through the RIC/UN-REDD Coordinator for feedback and suggestions. The report was finalized with the incorporation of the valuable comments and suggestions received from FAO/UN-REDD, UNEP-WCMC, and REDD IC and then submitted to REDD IC, FAO/UN-REDD, and UNEP-WCMC.

3. Provisions and key features of the existing national REDD+ strategy

Approved on 19th April 2018 by the Government of Nepal, the National REDD+ Strategy has a total of 10 Chapters. The strategy envisioned “Enhanced carbon and non-carbon benefits of forest ecosystems contribute to the prosperity of the people of Nepal”. The mission of the strategy is to strengthen the resilience of forest ecosystems for emission reductions and increased environmental, social, and economic benefits through improved policies, measures, and institutions with enhanced stakeholder capacity, capability, and inclusiveness.

The NRS comprises five interrelated objectives including i) emissions reduction, carbon removal enhancement, and ecosystem resilience through addressing D&D and promoting SFM; ii) improving resource tenure and ensuring fair and equitable sharing of carbon and non-carbon benefits among right holders; iii) increasing livelihood assets and diversify employment opportunities, especially for forest-dependent poor including women, IPs, Dalits, and Madhesis, iv) improve and harmonize policy and legal framework consistent with national and international requirements and standards thereby harnessing carbon and non-carbon benefits, strengthening governance and Gender Equity and Social Inclusion of the forestry sector; and v) improve the NFMS with robust measurement, monitoring, reporting, and verification mechanisms. The NRS adopted 9 guiding principles to guide the strategies and actions.

As per paragraph 72 of Decision 1/CP.16, Nepal’s NRS includes the key elements including deforestation and forest degradation, land tenure, forest governance, safeguards, gender, and social inclusion among others. These elements are organized in the NRS with separate chapters appropriately. The NRS provides a broad overview of REDD+ with its journey in Nepal in Chapter One. Chapter two presents the status of land use and forest cover change including the drivers of deforestation and forest degradation. The NRS specifies nine direct and 10 underlying causes of deforestation and forest degradation. Most of the direct drivers belong to only forest degradation while three drivers are related to only deforestation and two represent both deforestation and forest degradation. Unsustainable and illegal harvesting and forest fires are the top prioritized direct drivers of degradation.

The NRS highlights REDD+-related policies, governance framework, and implementation arrangements from the federal to the local level, provisions of customary practices, and the existing land tenure system for forest resources. FRL, NFMS, finance for implementing the strategy, and implementation steps are also discussed in separate chapters.

The NRS includes altogether 12 strategies and a precise list of 69 priority actions toward achieving the objectives. The strategies represent diverse aspects including improving forest and land management, governance, inclusion and participation, coordination and collaboration, policy, capacity building, and information system development. Most of the strategies center on the forestry sector while some non-forestry sector strategies such as land use, agriculture, and alternative energy are included with specific actions to reduce the pressures on forests.

4. Implementation status of national REDD+ strategy

This section provides the implementation status of some relevant sections of the NRS. The summary of status, gaps, and barriers to implementation of the strategies and actions and suggestions are given in section 4.3.

4.1 Land use, forest cover change, and their drivers

Table 1 of the strategy has presented information on ‘land use and land cover change between 1978/79 to 1985/86 and 1994’. Table 2 mentions forest cover data from five different periods until 2014 which indicates an increasing trend of forest cover in recent decades. A summary of Province-wise and local level-wise forest data is missing in the strategy. There is a National Land Cover Monitoring System Report 2021 in place published by the Forest Research and Training Centre (FRTC). The land cover data and their pattern may need to be included in the new NRS.

The extent and nature of the nine direct drivers and 10 underlying causes of D&D outlined in the NRS might have changed in the changing socio-political context of Nepal. For example, participants at the cluster-level workshops revealed that the level of encroachment has decreased these days compared to the past. Besides, the existing NRS has not discussed the barriers to the PLUS part of REDD+ i.e., conservation and enhancement of forest carbon stock and sustainable management of forest. In most cases, barriers that hinder increasing and conserving carbon and SFM can differ from the drivers that stimulate deforestation and forest degradation (e.g., UN-REDD, 2018). This indicates a need for a separate analysis and detailed review of the drivers of deforestation and forest degradation and barriers to the conservation and enhancement of carbon stock and promotion of sustainable forest management.

The GoN has placed reducing D&D as a priority by establishing legislative provisions. For example, the Forest Regulation, 2022 has a provision to include drivers of deforestation and degradation in the management plan of government-managed and community-managed forests. The Forest Act, 2019 has spelled out compensatory plantations for the forest clearance done by development projects. The act has also incorporated some of the law enforcement provisions to control deforestation. The Environmental Protection Act 2019 and its Regulations 2020 as well as other sectoral legislations and policies have given high priority to environmental safeguards during forest land conversion for other purposes.

Table 2 shows an increasing trend of overall forest cover from 44.74% (of the total country land) in 2015 to 45.31% in 2022. Besides, the increase in forest cover and decrease in shrub area occur collectively due to the effective implementation of forests including addressing the drivers of deforestation and forest degradation.

ERM indicates unsustainable and illegal harvesting as a medium risk of displacement and reversal while this was considered as the highly prioritized driver in the existing NRS. As reported by the participants of the stakeholder consultation, the incidence of forest fires has increased in recent years. This suggests that there are some changes in drivers due to changing socioeconomic and climatic conditions which can be scrutinized with the stakeholder consultation of different geographic contexts in combination with digital data sources.

Table 2: Forest cover of Nepal in different periods (%)

Land Cover	LRMP 1978/79	NRSC 1984	Master Plan 1985/86	NFI 1994	FRA 2015	FRTC 2022
Forest	38.0	35.9*	37.4	29.0	40.36	41.69
Shrub	4.7	-	4.8	10.6	4.38**	3.62**
Total	42.7	35.9	42.2	39.6	44.74	45.31

Source: DFRS, 2015; FRTC, 2022

*Includes some shrub area;

**Other Wooded Land

Table 3 shows a variation of forest cover change across the provinces between 2000 and 2019. For example, forest cover in *Madhesh* and *Karnali* provinces has decreased while it has increased in the rest of the provinces in the same period. This indicates that drivers and their extent of deforestation and forest degradation vary across geographic regions. Analysis of drivers of D&D is essential to identify the strategies and priority actions to address these drivers for the new NRS.

Table 3: Province-wise forest cover in different periods (ha)

Province	Year 2000		Year 2019	
	Forest	Other Wooded Land	Forest	Other Wooded Land
Koshi	1,119,675	119,979	1,157,905	117,673
Madhesh	249,520	2,614	237,636	11,624
Bagmati	1,051,780	62,983	1,154,685	58,473
Gandaki	716,940	120,516	787,865	118,648
Lumbini	944,086	56,195	996,941	69,932
Karnali	858,890	108,584	837,016	100,020
Sudurpashchim	974,629	57,044	989,268	57,314
Total	5,915,520	527,915	6,161,316	533,684

Source: FRTC, 2022

FRTC is the mandated government agency for operating and updating the National Forest Monitoring System, undertaking carbon monitoring of jurisdictional forest ER program, and preparing reports requiring verification. As described in the existing strategy, NFMS was expected to be complemented by the data (e.g., Activity Data- forest area (ha) and Emissions Factor (carbon sock -tC)) from the FRTC itself and similar data from the District Level Monitoring and Reporting System whereby the Division Forest Offices (DFOs) and Protected Area (PA) Offices are useful to verify the sub-national data with the data from smaller forest areas.

The NRS also presumes the DFOs and National Park authorities supply district-level data to their central authorities (i.e., DoFSC and DNPWC) which later feed into NFMS. DFOs manage to monitor data of forest user groups which is normally executed every 5 or 10 years based on annual progress reports of the groups. A total of 84 DFOs, 20 PA Offices, and more than 30,000 forest user groups are currently involved in the conservation and management of forests. However, with the federal governance structure, DFOs are formally not accountable to the DoFSC, and the district-level data are organized at the provincial forest ministry and directorate. Hence, there may need to establish a reporting and data management system that maintains district-level data from districts contributing to the NFMS.

Although the Planning, Monitoring, and Coordination Division of the MoFE at the federal level executes regular monitoring of forest-related activities, there is a need to specify the functional linkage among the three tiers of government about REDD+ activities. As defined in the NRS, FRTC prepared the FCPF ER Monitoring Report of the TAL area with the re-measurement of permanent forest sample plots and submitted it to the Carbon Fund FCPF for its verification. The monitoring was done against the FRL developed for Nepal's first sub-national level ER Program in compliance with the national FRL submitted to the UNFCCC.

4.2 Policies, governance, institutions, and tenure

Several forestry and cross-sectoral policies and legislative instruments have been formulated after the issuance of the NRS in 2018. National Forest Policy 2019, National Agroforestry Policy 2019, Forest Act 2019 and its Regulations 2022, Environment Protection Act 2019 and its Regulations 2020, Provincial Forest Acts and Regulations are some forestry sector policies and legislative instruments directly relevant to REDD+. Some cross-sectoral policies and legislative instruments include the National Climate Change Policy 2019, Industrial Enterprise Act 2020, Land Use Act 2019 and its Regulations 2022, and Lands Act (8th Amendment) 2019 which are relevant to the use of the forestland for other purposes and some of the provisions of these laws are directly related to REDD+ and forest carbon initiatives. Besides, Nepal developed the Second NDC 2020 and its Implementation Plan 2023-2030, the Long-term Strategy for Net-zero Emissions 2021, and submitted them to the UNFCCC reflecting emissions targets and approaches to achieve the target.

After federalization, there is a weak functional coordination between federal and provincial forest agencies, despite having an explicit provision in the Forest Act 2019 for the formation of an inter-level coordination mechanism. This has been one of the major institutional gaps for REDD+ while the rights of carbon services rest with the federal government and management rights of national forests are with the provincial forest authorities based on the constitutional provision. Implementation arrangements with clear roles of the federal, provincial, and local governments and other stakeholders need to be clearly spelled out in the new strategy.

The MoFE is in the process of formulating a new National Biodiversity Strategy and Action Plan (NBSAP) as per the Post-2020 Global Biodiversity Framework which offers an opportunity to identify the activities synergizing both carbon, biodiversity, and other ecosystem services. Good Governance (Management and Operation) Act 2008 and its Regulations 2009, and Right to Information Act 2007 are in place for maintaining good governance and grievance handling in government offices which are important elements of REDD+-related safeguards measures. The fundamental rights (rights to information, rights to positive discrimination and social justice, rights to environmental justice, etc.) guaranteed by the Constitution of Nepal are also applicable in the context of REDD+ safeguards measures.

Various institutions including Parliamentary Committees, the Office of the Prime Minister and Council of Ministers (OPMCM), the Commission for the Investigation of Abuse of Authority (CIAA), the

National Vigilance Centre (NVC), and the National Planning Commission (NPC) are involved in monitoring forest-related activities and governance issues. As outlined in the NRS, a 3-tiered institutional arrangement (NRSC, NRCC, and REDD IC) together with a Multi-Stakeholder Forum and a REDD+ CSOs & IPOs Alliance is established to operate REDD+-related activities.

Emission reduction-supportive programs such as Forests for Prosperity Project (FFPP) with support from the World Bank, two GCF-funded “Building a Resilient Churia Region (BRCRN) in Nepal”, and “Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin” projects are in operation. Although these projects are not result-based payments, the ultimate goal is to contribute to the country’s efforts to reduce emissions through strengthening SFM and ecosystem resilience.

The recent legal provisions have recognized the contribution of collective tenure rights over forest resources increasingly recognized in emission reduction and REDD+ resulting from cohesive and inclusive decision-making in sustainable management. The provision of attaining prior and informed consent from the community groups exercising collective forest tenure such as community-based forest groups including community forest user groups has been mentioned in the Forest Regulation 2022 (Rule 107) and Environmental Protection Regulation 2020.

A benefit-sharing plan with fair and equitable provisions considering collective forest tenure for the FCPF ER Program of the TAL area has been prepared in an inclusive way considering Nepal’s legal provisions and methodological guidance of the FCPF Carbon Fund. Forest Act 2019 and its Regulations 2022 have stipulated at least 50% women’s representation in the CFUG Executive Committee. The MoFE has developed the Forest Sector Gender and Social Inclusion Strategy 2009, and the Gender and Social Inclusion Strategy and Action Plan in Climate Change Sector 2021. The REDD IC has prepared a Gender Integration in REDD+ and the ERPD in Nepal in 2017. There are around 3% of women in civil service in the forestry sector.

4.3 Implementation status of strategies and actions of the NRS

This section presents the status, gaps, and barriers to the implementation of strategies and actions outlined in the NRS and key suggestions for the new NRS. Key inferences of each strategy are summarized and provided on the top of the matrix while detailed information and evidence are presented in the matrix at the national and FCPF ER Program area as shown in Table below.

Strategy 1: Reduce carbon emissions, enhance forest carbon stocks, and improve the supply of forest products

There are altogether seven priority actions in the strategy related to identifying, delineating, and expanding community-based forest management, and improving management practices. Other actions include intensifying and expanding SFM models in all relevant regimes and updating and improving the forest operation plans of FUGs and DFOs with the provision of carbon measurement and measures to address drivers of D&D. Actions also include developing appropriate community-based models in high mountain regions and strengthening forest fire control capabilities of DFOs, National Park authorities, and CBFM groups. Other actions are rehabilitating degraded land with appropriate measures including natural regeneration, plantation, and bioengineering, and increasing the supply of sustainably harvested timber products with improved distribution mechanisms.

Actions under this strategy have been mostly implemented, however with limitations (Table 4). Nepal strives to reduce carbon emissions and enhance removal by placing stringent legal provisions for

implementing activities to address D&D issues both for government and community-managed forest management plans.

Some of the main limitations that require continued, or renewed attention include:

- Community-based forest management models for High Mountain Regions need to be developed. There is a limited supply of timber compared to the total demand.
- The federal government has drafted a National Standard for SFM which aims to both enhance forest product supply and increase forest carbon stock through sustainable management practices and governance strengthening, but no final national standard is in place (as of June 2024), which hinders forest management activities. Noting this gap, the *Madhesh*, *Bagmati*, and *Lumbini* Provincial governments approved their own SFM guidelines and standards. Approval of standards for SFM by the federal government is one of the key suggestions for providing a common framework for guiding SFM activities at the federal, local, and community levels.
- Handover of national forests to CBFM across the country and even in the FCPF ER Program area is underperformed. A huge backlog of revision and amendment of Forest Operational Plans of Community Forests (CF) has become a major challenge for SFM. In addition to the validity of FUGs, this gives way to a barrier to capitalizing on CFs' contribution to enhancing emission reduction and carbon removal. Acceleration of the handing over of potential national forests to local communities and finding ways for the revision and amendment of FOP is strongly recommended to facilitate the effective implementation of the legal provisions for addressing D&D issues and carbon emission reduction which are key elements of REDD+.
- There are no policy-level interventions for forest fire control except for the initiation of the revision of the Forest Fire Control Strategy 2009 and including provisions for this purpose in the operational plan of some of the FUGs. Despite local-level efforts, the lack of forest fire control-related strategic interventions including technology transfer, insurance provisions, and skilled training has increased threats of forest degradation and the uncertainty of carbon emissions reduction which are a key precondition for REDD+ activities. Revision of forest fire control strategy with necessary insurance provisions, technical support, and capacity building is critical to reduce emissions and enhance removal by avoiding the potential loss of forests.

Table 4: Implementation Status, Gaps, and Suggestions for Strategy 1

Implementation status	Gaps/challenges	Suggestions
At the national level		
A total of more than 22,760 CFUGs covering more than 3.17 million HHs and managing 2.32 m ha of forests. 31 ColFUGs covering 812,870 HHs and managing 75,654 ha of forests. 11 forest conservation areas covering 194,155 ha of forests. 7,607 LFUGs covering 74,495 HHs and managing 44,027 ha of forests (MoFE, 2021). A total of 1,067 BZ CFUGs covering an area of 240,870.44 ha, 88 BZ LFUGs covering an area of 548.68 ha, and 4 BZ Religious Forests covering an area of 69 ha are formed as of the fiscal year 2022/23 (DNPWC, 2023). Scientific Forest Management Plans of 790 CFs and 28 ColFs were approved, but the government abolished the Scientific Management Working Procedures in 2021 (MoFE, 2021). The Madhesh, Bagmati, and Lumbini Province	• The area of national forests handed over to CFUGs, and ColFUGs is less as compared to the target set at the FCPF ER Program area (ERM of the FCPF ER Program). • SFM Standards at the federal level are absent due to difficulties observed	• Expedite the handing over of national forests to CFUGs, and ColFUGs after conducting a study on potential national forest areas that could be handed over to local communities for management. • Instead of a blanket approach, a differential management approach

Implementation status	Gaps/challenges	Suggestions
Governments have formulated SFM standards in 2024, 2023, and 2022 respectively. Annex 17 and Annex 24 of Forest Regulations 2022 have stipulated “Points to be included in the management plan of government-managed forests” and “Points to be included in operational plan of community forests” respectively where addressing D&D issues are mentioned. 20 Protected Areas in the country have prepared management plans. No appropriate community-based forest management models were developed specifically for the High Mountain region. The existing Forest Fire Control Strategy 2009 is in the process of revision by the NDRRMA. Different Institutions from the national level, provincial level, local level, and community level are engaged in forest fire control and mitigation activities. The REDD IC has spent a total amount of NRs 8.46 million on forest fire control-related activities from the fiscal year 2020/21 to 2022/23 (REDD IC, 2021, 2022, 2023). 84 DFOs, 20 PA Offices, and around 30,000 forest user groups are involved in the conservation of forests. A total of 11,302 ha area has been planted in four years (2019/20-2022/23) according to the data of the MoFE (MoFE, 2024). Four Basin Management Offices and One Kulekhani Resource Centre of the federal government; 23 SCWMO of the Provincial Government; some projects are working on bioengineering activities. Nearly 87.37 million Cft timber and 80,486 <i>Chatta</i> of firewood were produced in four years (2019/20-2022/23) according to the data of the MoFE (MoFE, 2024). The potential sustainable supply of timber and firewood from Nepal’s forests is estimated to be 21.7 million m³/year (MSFP, 2016), but very little of this potential productivity is currently harvested or utilized. In the Fiscal Year 2022/23, a total of 30.18 million Cft of timber and 41,998 <i>Chatta</i> of firewood were produced/supplied. As a result, the country has imported wood and wood-based products worth NRs. 2.33 billion in 2020/21 and NRs. 7.99 billion in 2021/22 and 6.4 billion in 2022/23 due to the non-availability of wood as per requirements. The estimated annual demand for timber and derivative products in Nepal is 119 million cft (OAG, 2023).	in forest management activities. • There is a huge backlog in CF operational plan updates due to which the target of improved forest management is affected. • There is a limited supply of timber from Nepal’s forests which is the case in the FCPF ER Program area as well. • Plantation on private land has not been achieved as per the target set at the FCPF ER Program area. • There is an inadequate resource allocated and a lack of technology transfer for forest fire control and management.	needs to be adopted in CF management (based on area, physiography, the objective of forest management, and forest type) to address the varied drivers of deforestation and forest degradation across the geographic regions) • Include carbon emission reduction provisions in CFOP. • Formulation of SFM Standards at the federal level might serve as a basis for applying appropriate forest management modalities by the provincial governments. • Continuous efforts are needed in updating CF operational plans to achieve the target of improving forest management. • Records of free seedling distribution mainly by the DFOs should be maintained. • Plantation and maintenance should be carried out in private, public, and degraded forest patches. • Adequate financial resources along with policy coherence across the levels are needed to address the drivers of deforestation and forest degradation. • The new NRS can outline the revision or updating of FOP as a precondition to be eligible for REDD+ benefits.
At the FCPF ER program area		
There are 2,351 CFUGs and 20 ColFUGs in the FCPF ER area. The target of handing over national forests to CF and ColF was 200,937 ha, and only 12,107 ha was handed over. The target of 336,069 ha of forests under improved management, is only 154,766 ha (CF-94,236 ha, ColF-52,515 ha, and Block forest-8,015 ha) under improved management. The target of scaling up pro-poor leasehold forestry of 12,056 ha, but only 3,030 ha was achieved (World Bank, 2023). The six Protected Areas are being managed under PA legislation and institutional arrangement. A total of 379 BZ CFUGs covering an area of		

Implementation status	Gaps/challenges	Suggestions
56,770.4 ha, 64 BZ LFUGs, Forests covering an area of 391.68 ha, and 2 BZ Religious Forests covering an area of 62.43 ha are formed as of fiscal year 2022/23 (DNPWC, 2023). Forest management plans for CF, CoLF, and block forests mostly include measures to control and mitigate forest fires. In some districts, fire line construction and maintenance, training to local communities for fire control, and support on simple equipment are provided. Different capacity-building activities from the divisional forest offices and awareness raising and information and communication materials help people to manage and control forest fires. 16 DFOs, 6 PAs, 2,351 CFUGs, and 20 ColFUGs in the area are working in forest conservation activities. Since 2018, a total of 190 new private forests, which include an area of 114 ha, have been registered in eight districts. There is around 2,127 ha of new plantation on private land of the ER Program Area (World Bank, 2023). 3 SCWMOs of the Provincial Government and some projects are working in the ER area regarding bioengineering activities. The demand for timber exceeds the sustainable supply. Trade involves both intra- and inter-district, going into and out of the ER program area (World Bank, 2023).		

Strategy 2: Increase non-carbon benefits of forest ecosystems

This strategy comprises altogether five activities related to enhancing non-carbon ecosystem benefits through the improved, integrated, and participatory conservation and management of forests, protected areas, watersheds, and the promotion of ecotourism. Other actions include identifying and addressing key threats to biodiversity, assessing climate change vulnerability forest ecosystems and strengthening spatial planning, and developing and promoting appropriate institutional arrangements for forest ecosystem service certification and PES.

As expected, threats to biodiversity as outlined in the NBSAP are not analyzed systematically and incorporated in the DFOs and CF management plan mainly due to inadequate resources. Some of the local governments have conducted vulnerability assessments and developed Local Adaptation Plans for Action (LAPA) and a few CFUGs have also developed Community-based Adaptation Plans of Action (CAPA) and integrated them with forest activities. Altogether 263 local governments have prepared LAPA so far (NPC, 2024) (Table 5).

Documentation of the non-carbon benefits (namely social capital, eco-tourism, etc.) is an integral part of the FUGs reporting to DFO on an annual basis. However, there are very limited practices of systematic measurement and documentation of non-carbon benefits including biodiversity, eco-tourism, and water provisions, governance practices, social inclusion, and the exercise of tenure rights especially at the forest group level. Similarly, from the consultation meetings, it was found that there is a lack of system monitoring and data management mechanisms for the monitoring and evaluation of equitable sharing of non-carbon benefits. While the enhancement of non-carbon benefits is one of the key objectives of the FCPF ER Program, there is a gap in the performance measurement of non-carbon benefits in the ER Program monitoring report. Only carbon was included as a performance metric in the FRL and the monitoring report as part of the transaction. Despite the legal provision, there is a lack

of institutional arrangements for PES implementation targeting non-carbon ecosystem services including biodiversity, eco-tourism, and water services.

Resource generation for systematic analysis of the biodiversity threats and inclusion of activities addressing them in FUGs and DFOs' plans is highly recommended. The provision of the existing NRS is insufficient for non-carbon benefits. The new NRS can accommodate the provision of baseline development for non-carbon benefits in the designing of the ERPD and their performance measurement along with carbon as part of the transaction. The new NRS can provide scope to implement the PES scheme and certification as per the provision of the Forest Act, 2019 and exercise the non-market approach to address D&D.

Table 5: Implementation status, gaps, and suggestions for Strategy 2

Implementation status	Gaps/challenges	suggestions
At the national level		
A total of USD 18.67 million was generated from eco-tourism in 5 years (2018/19-2022/23) in Nepal (DNPWC, 2019, 2020, 2021, 2022, 2023). In 2018, the Biodiversity Monitoring Protocol for REDD+ was prepared and approved. Multiple threats such as loss, degradation, and alteration of natural habitats; overexploitation; invasion by alien species; pollution; poaching and illegal wildlife trade; human-wildlife conflict; overgrazing; forest fire; uncontrolled mining from riverbeds; climate change; socioeconomic factors including poor governance were identified by the NBSAP. The Government of Nepal has made efforts through policy and legislative instruments, institutional arrangements, and programmatic interventions. For example, increase in forest cover, population increase of Rhino and Tiger, community involvement in biodiversity conservation, promotion of community conserved areas, etc. The MoFE has prepared a Vulnerability and Risk Assessment (VRA) Report in 2021 (MoFE, 2021b). A total of 263 LAPAs have been prepared at the local government level (NPC, 2024). Spatial planning tools are used in preparing national-level forest inventory and planning, and in preparing forest management plans. Although the Forest Act, 2019 has included the provision of PES, no institutional arrangements for Forest Ecosystem Service Certification and Payment for Ecosystem Services (PES) were established. A Limited number of small-scale pilot projects on certification of forest-based PES (e.g. water supply and eco-tourism) have been implemented in the mid-hills of the country.	• The validity of NBSAP ended in 2020 and the MoFE is in the process of developing NBSAP based on the Post-2020 Global Biodiversity Framework. • Inadequate resources for addressing key threats to biodiversity conservation as identified in NBSAP 2014-2020. • The potential of nature-based tourism has not been tapped to its full potential. • No provision for accounting and measurement of non-carbon benefits in REDD+ or ER Programs. Only carbon as a metric for the payment. • Inadequate resources to assess the climate change vulnerability of forest ecosystems at the local government and forest group level.	• Needs to develop NBSAP based on the Post-2020 Global Biodiversity Framework with adequate environmental safeguards. • Increase financial resources and human resources for analyzing and addressing the threats to biodiversity conservation at the Municipal level, if possible. This links with the new NBSAP which is under preparation. • Focus on nature-based tourism activities to enhance non-carbon benefits. • Better to include the provision for systematic measurement and documentation of non-carbon ecosystem services in the operational plan of CFs and DFOs. • Recommend using relevant spatial planning tools in developing forest management plans, especially large forests (by DFOs) with clear
At the FCPF ER program area		
With the target of 336,069 ha forests to be brought under improved management, only 154,766 ha (CF-94,236 ha, ColF-52,515 ha, and Block forest-8,015 ha) are under improved management (World Bank, 2023). The 6 PAs in the ER Program Area have generated revenue of USD 2.90 million in the fiscal year 2022/23 (DNPWC, 2023). 16 Division Forest Offices, 6 PAs, 2,351 CFUGs, and 20		

Implementation status	Gaps/challenges	suggestions
ColFUGs in the area are working on biodiversity conservation activities. In addition to the federal Forest Act, provincial governments have also enacted the Forest Act within their jurisdiction. Planned resettlement has not occurred in the FCPF ER program area during 2018-2021. Grazing is typically limited within the vicinity of villages and increasingly stall feeding is being practiced (World Bank, 2023). Forest management plans, equipment support, training, and awareness activities are being carried out for forest fire control. Forest protection activities including the control of illegal cutting of trees and a ban on grazing, such as strict law enforcement as well as community-level anti-encroachment team monitoring are being practiced. RIC has supported the preparation of SFM plans where spatial tools were also used. By 2020, a total of 154,766 ha of forest has been brought under improved management practice in the 13 districts of the ER program (World Bank, 2023). The VRA report prepared by the MoFE includes the FCPF ER Program districts as well. No institutional arrangements for Forest Ecosystem Service Certification and PES were established.	• No institutional arrangements for Forest Ecosystem Service Certification and PES were established in the country. • Lack of systematic monitoring and data management mechanisms for the assessment of the other non-carbon benefits such as biodiversity, water resources, and the status of tenure rights, governance exercise, and social inclusion.	provisions and objectives supporting Sustainable management of forests. • As per the provision of the Forest Act 2019, pilot the PES mechanism and initiate forest ecosystem service certification. • New NRS can provide the provisions for establishing a baseline of non-carbon benefits along with carbon in the Emission Reduction Program Document (ERPD) and measuring performance along with the carbon emission and removal as part of the payment. • New NRS can offer the option to undertake non-carbon service payments (such as water resources through PES) in the ER Program areas. • New NRS needs to provide frameworks for the assessment of non-carbon benefits, especially focusing on social safeguards.

Strategy 3: Promote private and public land forestry

There are three actions under this strategy which mainly focus on simplifying the regulatory provision for private forestry development, incentivizing private and public plantations with native species, and promoting agro-forestry in public land. The GoN formulated the National Agroforestry Policy in 2019. Scattered private trees are the primary source of wood for the market, with nearly 70% of softwood supplied coming from private lands. After federalism, the Forest Act 2019 has provisioned that the local government has full authority to manage private forests.

Despite the presence of encouraging legal provisions, there is limited progress nationally in private forestry development. At the sub-national level, only around 8% of the total target of private forest development is achieved in the FCPF ER Program area after the implementation of the ER Program. Gaps also include the limited human resources within DFOs and institutional set-up in the local governments to provide technical services for the promotion of private forests and the exclusion of private forests in the ongoing ER Program transactions.

Key suggestions are to include the private forests under the ER Program accounting process and transaction through the provisions outlined in the new NRS with certain conditions for ensuring permanence, leakage, and environmental integrity (Table 6). The NRS can explore such opportunities in the VCM to bring all types of carbon transactions under the NDC contribution.

Table 6: Implementation status, gaps, and suggestions for Strategy 3

Implementation status	Gaps/challenges	Suggestions
At the national level		
Section 35 of the Forest Act 2019 has made provision for the registration of private forests in local municipalities with the recommendation of DFO. Schedule 48 of the Forest Regulations 2022 has made provisions for the collection, sale, and transportation of 28 timber species, 23 MAPs, and 4 NTFPs as agriculture crops. The area of registered private forests in the country is around 2,300 ha. A total of 11,302 ha area has been planted in four years (2019/20-2022/23) according to the data of the MoFE (MoFE, 2024). A total of 27 BZ Private Forests with an area of 24.73 ha are in place. Sections 37 and 38 of the Forest Act 2019 and Chapter 11 of Forest Regulation, 2022 have made provisions for public land forestry and urban forestry respectively. Different agroforestry practices were adopted mainly by well-off households in Terai and mid-hills with various species compositions.	- Plantation has not been achieved as per the target set at the FCPF ER Program area. - Less progress on compensatory plantation for forest clearance by the development projects. - There is an inadequate technical staff at the local government, DFOs, and PA Offices to provide services to interested farmers for plantation.	- Focus on private plantations by providing quality planting materials by the DFOs. - Expedite the compensatory plantation activities. - Provision of trained technical staff at the DFOs and PA Offices for providing technical backstopping to farmers. - Initiate setting up a dedicated unit at the municipality to look after private forestry issues.
At the FCPF ER program area		
The ERPD set the target of supporting 30,141 ha of private forest in the ER program area during 2018-2024. Since 2018, a total of 190 new private forests, which include an area of 114 ha, have been registered in eight districts. There is around 2,127 ha of new plantation on private land of the ER Program Area (World Bank, 2023). A total of 27 BZ Private Forests with an area of 24.73 ha are in place (DNPWC, 2023).	- The institutional structure for the forestry sector in Municipalities is almost absent. - Agroforestry practices on public land are limited. - Private forests are not part of the FCPF ER Program (no emission reduction is measured from PF).	- Efforts are needed to promote agroforestry in private and public lands as per the National Agroforestry Policy 2019. - Formulation of the new NRS can include the provision for the inclusion of a Private Forest as part of the result-based ER Program or Voluntary Carbon Market (VCM) with the condition of fulfilling requirements of permanence, leakage, and title transfer. - Better to bring PF into NDC contribution through carbon transactions.

Strategy 4: Promote optimum land use across all the physiographic regions

Five actions are defined in this strategy including implementing the Land Use Policy 2015, regular land use mapping and analysis, development, and implementation of economic market-based incentives for optimum land use, and development of extension materials about the linkage between carbon and land use planning and their dissemination. Actions also include ensuring social and environmental safeguards while formulating and implementing land use plans and strengthening the enforcement and monitoring capacity of district-level and encroachment control committees and law enforcement to reclaim illegally occupied forest lands.

Policy-level progress has been made. Encroached land is reclaimed with the active support of the district encroachment control committee and local communities which is one of the key drivers for deforestation in some parts of Nepal (Table 7). The integrated land use plans are developed for 44 local governments at the FCPF ER Program (REDD IC, 2022). Encroachment has decreased in and around community-managed forests, mostly occurring in government lands. However, before applying this action, it is required to respect the fundamental right to shelter/housing of the citizens recognized by Article 37 of the Constitution of Nepal and the legal rights of landless people recognized by Section 52 (a) of the Land Act 1964 (8th Amendment 2019) through an effective consultation process and other consent processes as established by the national laws.

Challenges appear to balance forest conservation and infrastructure development activities. This appears recurrently primarily due to contradictory provisions between the Forest Act 2019 and the Lands Act 1964 (8th Amendment 2019), especially for the use of land for squatters and unmanaged settlers. Besides, inadequate programs are executed towards awareness raising and community education about the linkage between land use and climate change targeting carbon emission.

Recommendations include harmonizing and settling the contradictory provisions between the Forest Act 2019 and the Lands Act 1964 (8th Amendment 2019) considering the safeguards provisions recognized by the Constitution of Nepal and other civil rights laws. Supporting to formulate the integrated land use plans for all local governments and regular monitoring is suggested to promote the environment-friendly infrastructure development. Environmental assessment and identification and implementation of environmental and social safeguard measures should be mandatory preconditions for development projects. Production of climate change-related extension material and their dissemination among relevant stakeholders and local communities can sensitize them for accountability towards environment-friendly land use and development programs.

Table 7: Implementation status, gaps, and suggestions for Strategy 4

Implementation status	Gaps/challenges	Suggestions
At the national level		
The Land Use Act, 2019 has assigned rights, responsibilities, and duties to the federal, provincial, and local governments for the formulation and implementation of a land-use plan. The Act has classified the land into 10 different categories, namely agricultural, residential, commercial, industrial, mining-mineral, forest, river-lake-wetland, public use, cultural-archeological, and others as decided by the GoN. The Land Use Regulations 2022 has also been formulated by the GoN. National, provincial, and	• Out of the total of 144 municipalities in the FCPF ER Program districts, the REDD IC supported the preparation of integrated land use	• An integrated land use plan for each municipality should be developed and implemented in a participatory way. • There is a need for extension activities

physiographical land cover statistics and maps were produced in 2021 by FRTC. More than 104,000 ha of forest lands in 65 districts have been encroached so far (OAG, 2024). Similarly, forest loss from 1991 to 2011 accounts for 32,000 ha in the Terai region at the rate of 0.42 percent (FRA/DFRS 2014). As of the fiscal year 2022/23, the encroached forest area in the PAs in the country is 4,039.12 ha (DNPWC, 2023). The GoN has formulated the Forest Encroachment Control and Management Strategy, 2012 to address the problem of forest encroachment in Nepal. As per Rule 119 of the Forest Regulations 2022, there is a district-level Encroachment Control Committee chaired by the respective Chief District Officer. A total of 204.29 ha of encroached forest land in 2021/22, 797.08 ha in 2019/20, 2,044 ha in 2018/19, and 920 ha in 2017/18 were evacuated and restored respectively. As of July 2022, more than 19,523 ha of forest land has been provided for other uses mainly for development projects (MoFE, 2024). The development projects have to follow Nepal's legislative provisions and technical procedures on environmental assessment and associated mitigation measures. The GoN has endorsed Wildlife-friendly Linear Infrastructure Directives in 2022.	plans for only 44 municipalities. • Extension activities focused on linking climate change and land use planning are limited. • Forest land encroachment is a chronic issue in Nepal. There is an inadequate capacity to deal with encroachment control activities. • There are contradictions between the Forest Act 2019 and the Lands Act 1964 (8th Amendment) 2019 regarding land use purposes and objectives. • The weaknesses are seen in enforcing the environmental and social safeguards measures during the forest land conversion into other purposes.	focused on linking climate change and land use planning. • Forest land encroachment issues need to be resolved from the political level by harmonizing the legal provisions of the Forest Act 2019 (sections 7, 12, 49) and Land Act 1964 (8th Amendment 201) sections 52 (b) and 52 (c). • Capacity and resources for livelihood and alternative employment and income generation should be strengthened to address the drivers, particularly in controlling forest land encroachment. • Regular monitoring of how development projects follow the environmental assessment provisions and forest clearance provisions. • The enforcement of environmental and social safeguards measures should be an integral part of development projects.
At the FCPF ER program area		
With a target of improving integrated land use planning to reduce forest conversion (i.e., deforestation) associated with infrastructure development of 9,000 or (11,736 ha) through integrated land use planning, RIC facilitated the development of integrated land use plans for 44 Local Governments of 10 out of 13 ER Program districts. However, the monitoring report does not provide the exact forest area (ha) under the integrated land use plan. Encroachment to forest fringes occurred mostly in the context of open access to government-owned land. The clear demarcation of forest land as collaborative and community forestry establishes both a statutory basis and community custodianship to reduce and avoid encroachment (World Bank, 2023). As of fiscal year 2022/23, the encroached forest area in the Protected Areas in the ER Program area is 3,098.12 ha (DNPWC, 2023). Planned resettlement has not occurred in the FCPF ER program area during 2018-2021, and the risk of displacement due to this remains low (World Bank, 2023).		

Strategy 5: Improve forest tenure, ensure carbon rights, and fair and equitable benefit sharing among rights holders, women, IPs, Madhesis, Dalits, and Forest-dependent local communities

Under this strategy, there are altogether five priority actions related to respecting and addressing safeguard measures on land tenure security of women, IPs, *Madhesis*, *Dalits*, and forest-dependent poor. Other actions are to assign carbon rights aligned with forest rights within the relevant policies and legislative instruments and to establish transparent and participatory mechanisms for carbon markets and architecture under REDD+ and forest-based carbon initiatives. More importantly, the action also includes recognizing and integrating the traditional and customary knowledge and practice in forest management plans of forest user groups.

Traditional knowledge and customary practices for forest management are first time recognized in history by legal instruments for the first time. Rule 15 and Annex 24 of the Forest Regulation 2022 have made a provision for CFUGs to include forest management-related traditional knowledge and customary practices of forest management in their FOP (Table 8). As per the Forest Act 2019, land ownership over the National Forest rests with the federal government. According to the Constitution, carbon rights are retained by the federal government while management, use, and distribution of environmental services other than carbon are made by the provincial government and forest institutions such as FUGs based on the forest legislation. The representatives of local governments, IPs, and LCs including FUGs have suggested maintaining safeguards and ensuring equitable sharing of carbon benefits as per the legal provisions.

There is a gap in the execution of most of the legal provisions related to the traditional knowledge and customary practices of forest management by IP communities. Despite the legal provision, there is almost none of the FOP incorporates traditional and customary practices of forest management during the revision of FOP. No result-based payment has been received from the FCPF carbon fund and the benefit-sharing plan for this payment has not been approved by the government at the time of NRS review. There is limited knowledge of BSP, especially the provisions, criteria, and benefit access and decision-making process among FUGs and their women, IPs, and Dalits. Recently, the Forest Development Fund (FDF) Operational Procedures have been drafted, which has made a provision for the appointment of representatives of local communities by the government. However, the Forest User Groups and their networks (e.g., FECOFUN) have proposed the self-nomination process for the selection of the representatives of local communities in the Program Selection and Implementation Committee of the FDF. FPIC guidelines for REDD+ and ER Programs are drafted but it is being delayed in getting approval for implementation in the new ER program (e.g., LEAF ER Program).

It is suggested to ensure equitable and inclusive distribution of benefits derived from REDD+ and other transactions as per the provision of National Climate Change Policy 2019 which mentions spending at least 80% of the climate fund at the local level. However, besides such policy commitment, this policy has defined limited strategic action for the operationalization of this provision and to fill these gaps, the new NRS may provide the operational level actions and institutional arrangement. While carbon service is managed by the federal government, an equitable and inclusive benefit-sharing can be ensured through the meaningful participation of rightsholders throughout the REDD+ decision-making process, particularly at the provincial and local levels. The new NRS needs to highlight the inclusion of traditional knowledge and customary practices of forest management in the management plan of government-managed forests and FOP of the CFs as well as maintaining governance and inclusive arrangement in the FUGs as a pre-condition to be eligible for benefits from REDD+ and similar carbon initiatives or ER programs which should be reflected in the new NRS. Similarly, capacity building in relation to BSP at the community level and government authorities is recommended to operationalize the BSP efficiently.

Table 8: Implementation status, gaps, and suggestions for Strategy 5

Implementation status	Gaps/challenges	suggestions
At the national level		

Implementation status	Gaps/challenges	suggestions
The National Forest Policy 2019 and the National Climate Change Policy 2019 have provisions for forest tenure security of women, Indigenous Peoples, <i>Madhesi</i>, <i>Dalits</i>, local communities, and forest-dependent poor. The Forest Act 2019 and its Regulations 2022; and the Environment Protection Act 2019 and its Regulations 2020 have made provisions for carbon trade. Section 44 of the Forest Act 2019 has mentioned that the Government of Nepal shall make the following provisions for the management, use, and distribution of benefits of the environmental services to be obtained from the forest area: - In the case of benefits derived from climate change adaptation and carbon storage and emission reduction, the management, use, and distribution of benefits thereof shall be made as determined by the Government of Nepal, - The management, use, and distribution of benefits of the environmental services other than the storage, and emission reduction, of carbon obtained from the forest area shall be as provided in the work plan of the concerned forest, - The amount to be derived from the environmental services by other agencies or industries including hydropower, drinking water, and ecotourism projects and the management, use, and distribution thereof shall be as prescribed. Notwithstanding anything contained in the sub-sections above, the Division Forest Office may make provision for the payment of grants or other kinds of payment to the owner of a private forest that wishes to manage the environmental services by completing the prescribed conditions, by making an invitation to environmental services tender, and upon making provision in its annual program. Rule 107 of Forest Regulations 2022 has highlighted the provision of carbon trade. - The ministry or agencies under the Ministry can implement carbon enhancement or emission reduction programs in the forests of Nepal. - While preparing and implementing programs under sub-section (1), ensure that no negative impacts will be there on existing natural forests, biodiversity, ecosystems, socioeconomic and cultural rights, customary practices of local communities, and utilization of innovative knowledge. - Programs under sub-section (1) will be implemented in collaboration with the provincial ministry, directorate, division forest office, forest user groups, concerned local communities, and local government.	- At the time of review of the NRS, no result-based payments were received from the Carbon Fund to the Government of Nepal. - As per the National Forest Policy 2019 and Forest Act 2019, forest land ownership rests with the federal government. As per the forest legislation, the collective ownership or collective tenure rights over forest resources belong to FUGs after handing over the national forest to them. However, there is a lack of a common legal framework to maintain the balance between the rights and interests of government and communities regarding the exercise of carbon title transfer for the carbon market. - Assigning carbon rights aligned with forest rights has not yet been done, however, a benefit-sharing plan for the FCPF ER Program area has been prepared. - Forest Regulations 2022 has the provision of including traditional knowledge and customary practices in the management plan of FUGs,	- Ensure fair and equitable benefit sharing among rights holders, women, Ips, Madhesi, Dalits, and Forest-dependent poor communities. - The National Carbon Registry needs to be established for the registration of carbon credits arising from REDD+ activities. - As per the provisions of Forest Regulations 2022, traditional knowledge and customary practices should be included in the management plan of CF. - The new NRS can assign the inclusion of traditional knowledge and customary practices of forest management in FOP of DFOs and CFs as a mandatory precondition to receiving benefits from REDD+ and similar carbon initiatives. - The new NRS ensures the FPIC process throughout the REDD+ process. - Need further directives and guidelines at the national level for ensuring proportional representation of IPs and Dalits and their women in the executive committee of the CFUGs. - Need to develop a regular assessment mechanism for the assessment of collective tenure rights, governance, and inclusion based on data and information management. - Major gaps and measures to address these gaps need to be reflected in the new NRS with specific actions

Implementation status	Gaps/challenges	suggestions
4. The Government of Nepal can sell the amount of carbon enhancement or emission reduction through the implementation of programs as per sub-section (1) according to the existing international mechanism for a certain period. 5. The Ministry can submit a carbon trade proposal to sell the carbon as per sub-section (4) to the potential buyers and can initiate the preliminary works. 6. Before selling the carbon as per sub-section (4), free and prior informed consent is needed from affected forest users and local communities. 7. The per unit price of carbon will be negotiated between the Government of Nepal and the buyer country or international organizations. 8. Around 80% of the total amount received from carbon trade according to this regulation will be deposited in the Forest Development Fund through the Ministry of Finance. 9. The amount deposited in the fund through the sale of carbon should be distributed to concerned beneficiaries (federal, provincial, and local government, forest user groups, local communities, and private forest owners) after preparing a benefit-sharing plan as per rule 115. Rule 115 of Forest Regulations 2022 highlights benefit sharing mechanism as follows: 1. Management of Forest Development Fund-10% 2. Forest Management Authority or User Group-80% 3. Private Forest Owner-5% 4. Forest-dependent households not affiliated with user group-5% The amount allocated to the forest management authority and user groups should be spent on activities mentioned in the emission reduction program document. Section 28 of the Environment Protection Act 2019 has mentioned participation in carbon trade. Sub-section (1) highlights that the Government of Nepal may participate in carbon trade with the mechanisms established by the international treaty, any foreign government or organization, business entity, or private sector for the mitigation and conservation of carbon emission. Sub-section (2) has mentioned that other provisions relating to participation in carbon trade under sub-section (1) and allocation of benefits resulting therefrom shall be as prescribed.	however, it is yet to be practiced. • Existing organizational structures both at national and sub-national levels have limited the space for GESI-responsive decision-making processes. • There is a policy provision of representing at least 50% of women's participation in the executive committee of CFUG. However, there is no such provision for proportional representation of women within social groups such as IPs, Dalits, and marginalized groups. • Various policies and legislations came into effect since the NRS was formulated in 2018 and such instruments have recognized various social safeguards in the context of the ER program, which needs to be reflected in the new NRS.	and institutional arrangements. •

Implementation status	Gaps/challenges	suggestions
Rule 28 of the Environment Protection Regulations 2020 has mentioned the power to participate in Carbon Trade: (1) The Government of Nepal may sell carbon emission reduced or carbon sequestration increased through sustainable management of forests in the national or international market. (2) If works are carried out to reduce greenhouse gas emissions when carbon or other greenhouse gases are being emitted from any social and economic activities undertaken by any government agency, organization, or private sector, the amount of emission so reduced may also be sold by the Government of Nepal itself or through any agency or private sector in the national or international market. (3) If any project related to clean development mechanism reduces greenhouse gas emissions, even the amount of emission so reduced may be sold by the Government of Nepal itself or through any government agency, organization, or private sector in national or international market. (4) Before trading in carbon pursuant to Sub-rule (1) or (2), the government agency or organization or private sector to have participated in this work shall obtain independent informed consent of the local community reducing emission or increasing carbon sequestration and community affected from activities relating thereto. (5) While carrying out works under Sub-rule (1) or (2), per unit price of emission reduction or carbon sequestration shall be fixed by the 19 Government of Nepal through negotiations or agreement with the purchasing country or organization. (6) If a private forest owner wishes to involve the forest being used by him or her in carbon trade, the Ministry may involve the forest in carbon trade on the condition that such an owner works under the action plan. Explanation: For this Sub-rule, “Private Forest” means a forest with area coverage of at least a half hectare, a minimum of ten percent of crown coverage, and trees standing at least five meters high. (7) It shall be ensured that biodiversity is not degraded while carrying out works for reducing carbon or other greenhouse gas emissions or increasing carbon sequestration pursuant to Sub-rules (1), (2), or (3). (8) A proponent wishing to participate in carbon trade from a project related to clean development mechanisms according to Sub-rule (3) shall prepare the Project Idea Note and Project Design Document and submit them to the Ministry. (9) While preparing Project Idea Note and Project Design Document according to Sub-rule (8), they shall be prepared		

Implementation status	Gaps/challenges	suggestions
in such a manner as to also incorporate the standards of sustainable development as stated in the United Nations Framework Convention on Climate Change. (10) While trading in carbon under this Rule, provisions of the United Nations Framework Convention on Climate Change shall also be abided by. Rules 29 and 30 of the EPR 2020 have provisions for Technical and Advisory committees to review and provide feedback on the CDM project idea note and project design document submitted to the Ministry. Benefit-sharing mechanisms are highlighted in brief in the National Climate Change Policy 2019 and Rule 115 of the Forest Regulations 2022. Rule 109 of the Forest Regulations 2022 has the provision of a Program Selection and Implementation Committee chaired by the Secretary of the MoFE where 2 users are included in the committee. Amendment of EPR 2020 is in process to include the provision of Article 6 of the Paris Agreement. Guidelines on the Voluntary Carbon Market are being formulated. Schedule 24 of the Forest Regulations 2022 has provided the template for preparing operational plans of community forests where traditional knowledge and customary practices are also mentioned. The Management Plans of the Protected Areas include a separate chapter on Gender Equity and Social Inclusion. FPIC guidelines for REDD+ are drafted by the REDD IC.		
At the FCPF ER program area		
The Benefit Sharing Plan and Environmental and Social Management Framework of the ER Program are in place. For example, the Management Plan of the Banke National Park includes a separate chapter on Gender Equity and Social Inclusion and the livelihoods of river-dependent communities.	Limited awareness of BSP, ESMF, and ER Program among FUGs and local communities.	NRS needs to provide a mechanism for capacity building at the community level.

Strategy 6: Enhance the role of the private sector in forestry to promote forest-based enterprises for livelihood and economic development

Six actions are included in this strategy which includes revising and simplifying policies to encourage and enhance the private sector's investment in sustainable forest-based enterprises to increase livelihood options for marginalized households. Other actions are promoting vocational and skill-based training and improving access of marginalized households including Ips, women, *Madhesi*, and *Dalits* to alternative technologies, and enhancing coordination between the local governments and FUGs for resource leverage.

Registration of forest-based enterprises is in increasing trend. However, there is no progress in improving policy provisions (such as subsidy or soft loan policies) conducive to the private sector (Table 9). Monitoring mechanisms or market standards are not in place to ensure sustainable-based

enterprises. Vocational and skill-based training toward sustainable enterprise development is limited. Some small-scale forest-based micro-enterprises are in operation. However, limited progress is made to link the FUGs to the local government leveraging resources for forest-based enterprises thereby increasing income and improving the livelihoods of the forest-dependent poor and sustainable forest management.

Three private entrepreneurs have received subsidized loans NRs. 6.5 million from the Forest for Prosperity Project to run the forest-based enterprises. As forest-based businesses demand a long-term investment, further improvement of regulatory provisions with subsidies, soft loans, tax exemption, insurance, sustainable supply of raw materials, and appropriate vocational and skill-based training programs can encourage the private sector to invest in sustainable and climate-friendly forest-based enterprises.

Table 9: Implementation status, gaps, and suggestions for Strategy 6

Implementation status	Gaps/challenges	Suggestions
At the national level		
Out of the 45,549 agriculture and forest-based enterprises in Nepal, 12,591 (around 28%) were forest-based enterprises (Paudyal, 2020). MSFP (2014) estimated that small and medium forest-based enterprises could generate more than USD 8.7 billion and 1.38 million workdays through 400,000 sustainable full-time equivalent green jobs. For the last four years of the 15 th Plan (2019/20-2022/23), a total of 9,223 forest-based enterprises were established in the country. Although registered private forests constitute only about 0.05% (2,902 ha) of the total forest area of the country, the share of timber supply from private forests in the fiscal year 2015/2016 was more than 80% of the total timber supply in the national market (Amatya and Lamsal, 2017). Schedule 48 of the Forest Regulations 2022 has made provisions for the collection, sale, and transportation of 28 timber species, 23 MAPs, and 4 NTFPs as agriculture crops. The Forestry for Prosperity Project (FFPP) funded by the World Bank has one dedicated component on Forest-based enterprise Improvement and Development. Skill-based training has been imparted to forest user groups and forest-based entrepreneurs.	- Promoting forest-based enterprises demands the involvement of several organizations. - The supply of raw materials from the community forest for forest-based enterprises is decreasing due to a large FOP revision or updating backlog. - There is no subsidy to encourage private investment in forest-based enterprises. - Vocational and skill-based training for entrepreneurship development is limited.	- Though policy and regulatory provisions have been simplified, there still exist some administrative hurdles (such as lengthy process for registration, taxation at multiple levels, limited subsidies, limited access to loans, insufficient raw materials, etc.) in forestry businesses, which need to be simplified. - Like in the agriculture sector, the provision of subsidized loans should be introduced for forestry businesses as well, - Focus on vocational and skill-based training for entrepreneurship development,
At the FCPF ER program area		
There are a total of 1551 timber-based forest enterprises currently under operation in Madhesh Province, where sawmills and furniture enterprises dominate other forms of enterprises. Out of them, a total of 788 are furniture enterprises followed by 712 sawmills (Paudyal, 2020). As for Lumbini Province, a total of 6,942 timber-based forest enterprises are under operation where furniture enterprises and sawmills are dominant. Out of them, a total of 6,271 are furniture enterprises followed by sawmills (364) (Paudyal, 2020). Bagmati Province Government formulated a “Standard on distance between national forest and forest-	- Since forestry is a long-investment business, the private sector is somehow reluctant to invest in forestry businesses. - There is no insurance mechanism from Banking and	- Develop an effective M&E mechanism to measure the tangible progress made in support of poor and marginalized communities such as skills development and forest-based enterprises, - Develop mechanism of forest-based enterprise

Implementation status	Gaps/challenges	Suggestions
based enterprises” in 2021 that has supported for establishment of forest-based enterprises.	Financial Institutions for tree species. • Inadequate enabling environment (e.g., imposition of taxation to multiple levels of government) to engage the private sectors in sustainable forest-based enterprises thereby contributing to emission reductions.	contribution to the emission reduction. • The new NRS needs to define the actions for the utilization of Corporate Social Responsibility (CSR) as defined by the Industrial Enterprise Act 2019 of Nepal to mobilize the financial resources from the private sector in the climate change mitigation actions. • The new NRS needs to identify the new actions on eco-labeling to attract private sector investment in the forest sector emission reduction.

Strategy 7: Increase agricultural productivity of forest-dependent and other smallholders

This strategy comprises five activities relating to the increasing agriculture productivity of the forest-dependent poor. Some specific actions are to support climate-smart agriculture including agroforestry, minimum tillage, and ecological farming among others, and revisit and review small-scale agriculture policies. Other actions include the promotion of fodder in community-managed forests, conserving water sources, promoting efficient water management, and enhancing access of forest-dependent smallholders to information and technologies.

Climate-smart agriculture practices are noticed through different agencies in Nepal (Table 10). Various organizations are involved in water source protection and efficient water management. DFOs are distributing fodder seedlings to needy farmers. Some CFUGs emphasize fodder and grass management in their forests. Stall feeding practices are in place in some areas as commercial livestock rearing these days is becoming popular in Nepal.

Although there are policies and programs concerning agriculture and livestock promotion in the country, there is inadequate coordination among government agencies in supporting farmers towards crop and livestock-related activities targeting emission reduction and carbon removal. The level of investment in these sectors is less and the institutional arrangements after federalization are becoming complex even in reporting statistical information at the national level.

Table 10: Implementation status, gaps, and suggestions for Strategy 7

Implementation Status	Gaps/Challenges	Suggestions
At the National Level Some climate-smart agriculture practices in Nepal are a system of rice intensification with alternate wetting and Drying; solar-based irrigation system; conservation agriculture including minimum tillage, cover crop, intercropping, mulching; Mixed cropping with leguminous species and mustard; Micro-irrigation (drip irrigation, sprinkle); Waste-water collection and rainwater harvesting; Zero tillage seeding for relay cropping; Stall feeding combined with biogas plant; Improved farm yard manure (FYM) management; Improved goat sheds (CIAT <i>et al.</i>, 2017). There has been an increasing attraction towards commercial cattle and goat farming among the youth (MoF, 2023). Crop residues, rice and wheat straw, maize stovers, tree fodder, leaf litter, and other green fodder collected from cultivated lands and forests are the major feeding resources in Nepal. Tree fodder plays a pivotal role in feed management during winter and more than 100 fodder tree species are domesticated in the country (Osti, 2020). Several national policy frameworks, including the Water Resources Strategy 2002, National Water Plan 2005, National Irrigation Master Plan 2019, 15th Plan, National Water Resources Policy 2020, Water Supply and Sanitation (WASH) Act 2022, Sustainable Development Goals Road Map 2015-2030, and the MoEWRI 2018 White Paper provide an enabling environment for water development and management for achieving inclusive water security in Nepal. Vegetative and structural measures are applied at the source location, its immediate vicinity, and in the wider catchment area to conserve the water sources over the long term and safeguard them from contamination. Government programs and a few projects are focusing on supporting farmers for crop and livestock breeding and animal husbandry.	• There is inadequate coordination among government agencies in supporting farmers in crop and livestock-related activities. • Some projects under the MoFE (e.g., the ILaM project) support stall feeding for quality livestock rearing in the FCPF ER Program area, but the level of investment is very low. • Investment in water source protection is less and institutional arrangements are weak for carrying out soil conservation and watershed management activities. • Limited awareness of the legal arrangement at the community level on agro-forestry activities in the community forests and leasehold forests. • Weakness in developing biodiversity-friendly grazing norms and slash-and-burn practices that trigger forest degradation.	• Focus on promoting climate-smart agriculture while formulating a new strategy. • Strengthen vertical and horizontal coordination among government agencies to promote quality livestock rearing to minimize grazing pressure on forests. • Promote growing fodder trees in forest nurseries to distribute to farmers for livestock feeding. • Organizing capacity building and awareness actions to generate awareness on the legal/policy arrangement for the agro-forestry practices in the community and leasehold forest. • Provide support for the revision of the FOP to incorporate biodiversity and traditional knowledge-friendly grazing norms and slash-and-burn practices in the forest.
At the FCPF ER program area The federal, provincial, and local level government agencies and some development projects are supporting climate-smart agriculture activities in the ER Program area. The President Chure Board, Soil Conservation and Watershed Management Offices, Water Resources, and Drinking Water-related Offices are conducting activities related to water source protection and efficient water management. Division Forest Offices are involved in growing fodder seedlings in forest nurseries to distribute to farmers. Few CFUGs have practiced fodder and grass management in their forests.		

Strategy 8: Increase access to sustainable, affordable, and reliable alternative energy

Three actions are described in this strategy. These are promoting sustainable and cost-effective alternative energy, simplifying the administrative process of energy registration and subsidies, and enhancing access of forest-dependent poor to alternative energy options.

Nepal has made significant progress in generating hydropower-based, solar, and wind energy. Data shows that energy from conventional sources is still high and replacing them with semi-biomass such as improved cookstoves and biogas can reduce forest dependency (Table 11). However, only a small percentage of biogas and ICS as compared to the target were installed even in the FCPF ER Program areas. This suggests that household behavior of energy consumption can be changed and varies across the regions. Besides, there is limited cooperation between the forestry and energy authorities. Hence, cross-sector collaboration and cooperation and a detailed analysis of household behavior of energy consumption are required before determining the target in the emission reduction program. The new NRS may need to specify whether to include the energy sector in the ER program or VCM to avoid double-claiming.

Table 11: Implementation status, gaps, and suggestions for Strategy 8

Implementation status	Gaps/challenges	Suggestions
At the national level		
As of mid-March 2024, the percentage of the population with access to grid electricity has reached 98.%. Total electricity generation is now standing at 3,060.1 megawatts (MW). Out of this, hydroelectricity contributes 2,818.91 megawatts, solar plants generate 97.04 megawatts, thermal plants 53.41 megawatts, sugarcane mills cogeneration produce 6 megawatts, and renewable energy 84.74 megawatts (MoF, 2024). Furthermore, 6,374 biogas plants and 3,585 solar home systems have been successfully installed. The energy consumption by type reveals that conventional sources account for 71%, commercial sources for 25%, and renewable sources for a mere 4% of the total energy consumption (AEPC, 2023).	• There is limited cooperation between the forestry and energy authorities. • Dependency on traditional biomass (firewood) for cooking energy is still high and there is nominal access to the fund for developing renewal energy systems in the households of poor families.	• Enhance coordination and partnership with the Alternative Energy Promotion Centre (AEPC) for effective collaboration for efficient alternative energy schemes targeting marginalized households including Dalits, and IPs. • Improved cookstoves and biogas are included in the energy-based voluntary carbon market under the Gold Standard by AEPC. NRS should clarify whether to include the energy sector in the ER program or VCM to avoid double claiming as excluded in the FCPF monitoring report. The same applies to forest-based VCM.
At the FCPF ER program area		
With the target of installation of 60,000 Biogas plants and 60,000 improved cookstoves (ICS) units, in collaboration with Alternative Energy Promotion Centre (AEPC), only 2,382 biogas and 3,728 ICS were installed in 11 districts out of 13 ER Program districts as of 2021 (World Bank, 2023). Note: AEPC as a program entity of Biogas and ICS, sold the carbon emission reduction credit to the international market. Hence, emission reduction performance from Biogas and ICS is not included in the ER Program (avoided double counting, double claim, or double selling). Some of the CFUGs have allocated their fund for the development of renewal energy systems (biogas, solar, etc.) at household levels.		

Strategy 9: Improve collaboration, cooperation, and synergy among sectoral policies, sectors, and actors

Altogether seven activities are included in this strategy which relates to establishing strong coordination mechanisms among relevant sectors (e.g., forests, agriculture, land, water, energy, and infrastructure) for integrated planning, monitoring, and evaluation approach at all levels (i.e., federal, provincial, and local) to achieve Nepal's international commitments. The actions further focus on developing policies, legal frameworks, and institutions to invest in climate change mitigation including performance-based payment mechanisms, sensitize security agencies, media, and CSOs on climate change, REDD+, and the importance and role of forest conservation, and control cross-country illegal trade of forest products through intercountry cooperation especially with Indian and Chinese authorities.

Nepal's NDC and its implementation plan, Third National Communication report, and Long-Term Strategy for Net Zero Emission that were submitted to the UNFCCC have included broadly four themes relevant to carbon emission reduction (Table 12). These documents aspire to foster concerted efforts appropriately to achieve the targets. The GoN has introduced climate change issues in the school and university curricula. Some capacity-building and awareness-raising activities are implemented by the government and development agencies. Nepal has been successfully organizing cross-border meetings with China and India, especially to conserve biodiversity and control the illegal trade in wildlife and forest resources. Inter-ministerial climate change coordination committee is formed at both the federal and provincial levels to strengthen coordination among the sectors.

Despite the provisions and requirements, there are limited practices of integrated planning across the sectors at all government levels, especially focusing on climate change mitigation. REDD+-related education materials (e.g., audio and videos and publications) are inadequately included in the school and university curricula, and capacity building and awareness raising especially on REDD+ and forest-based carbon initiatives are organized to only limited professional and local communities probably due to resource constraints. REDD+ and climate change mitigation are less prioritized agendas for inter-ministerial climate change coordination committees.

Some suggestions include strengthening coordination and cooperation for integrated planning among the sectors, especially for forest-based climate change mitigation among others to consolidate the efforts towards achieving mitigation targets defined in the NDC and Long-term Strategy for Net Zero Emission. Inter-ministerial climate change coordination committee both at the federal and provincial levels can be an appropriate arrangement where the committee can include REDD+-specific institutions such as REDD IC at the federal level and REDD+ focal desk at the provincial level committee members to facilitate and moderate the practice. Similar practices may apply to district and local government levels. Expand the sensitization program both in formal and non-formal education systems with a special focus on REDD+ and forest-based climate change initiatives.

Table 12: Implementation status, gaps, and suggestions for Strategy 9

Implementation status	Gaps/challenges	Suggestions
At the national level		
Section 73 of the Forest Act 2019 and Rule 121 of the Forest Regulations 2022 have mentioned the provision of an Inter-governmental Forestry Sector Coordination Mechanism. Similarly, Rule 118 and Rule 122 of the Forest Regulations 2022 have highlighted the District Forestry Sector Coordination Committee and District Forest Security Coordination Committee respectively. The Office of the Prime Minister, Council of Ministers, and National Planning Commission regularly monitor the programs at the federal level. Similarly, the Office of the Chief Minister, Council of Ministers, and Provincial Planning Commission regularly monitor the programs at the provincial level. As per the provision of the National Climate Change Policy 2019, a high-level Environment Protection and Climate Change Council is formed under the chairmanship of the Prime Minister. An Inter-ministerial Climate Change Coordination Committee is formed at the federal and provincial levels. Nepal's second NDC in 2020, the Third National Communication Report in 2021, and the Long-term Strategy for Net-zero Emissions in 2021 submitted to the UNFCCC secretariat have analyzed emission scenarios and mitigation potential for broadly four sectors namely Energy, IPPU, Waste, and AFOLU. Likewise, Nepal's NDC Implementation Plan (2023-2030) and the National Adaptation Plan (2023-2050) include multisector activities. There are established practices of bottom-up planning in the forestry sector at the federal and provincial levels. However, there are limited practices of integrated planning across the sectors. The National Climate Change Policy, 2019 highlights that subject matters related to the causes and impacts of climate change and climate-friendly traditional knowledge, skills, and practices will be incorporated into formal and non-formal educational curricula. In December 2019, climate education was included for the first time in Nepal's education goals "to prepare citizens capable of reducing possible risks and managing disasters, while being aware of climate change, natural and manmade disasters". The government of Nepal recently introduced climate change issues in the school and university curricula. Schools and universities are imparting courses about the causes, effects, and climate change resilience.	• Inadequate discussion of REDD+ and forest-based climate change mitigation in the inter-ministerial Climate Change Coordination Committee. • Inadequate coordination and cooperation between forestry and other sectoral organizations concerning REDD+ and climate change mitigation. • Climate change and REDD+-related specific activities are rarely designed at the provincial and district-level plans. • The CSOs and IPOs Alliance are also less active due to a lack of regular support. • Inadequate capacity building and awareness raising especially REDD+ and climate change mitigation are probably due to resource constraints.	• The REDD+ designated entity (i.e., REDD IC) should be included in the Inter-ministerial climate change coordination committee to share Nepal REDD+ concerns with cross-sector stakeholders for their sectoral contribution. • At the province, include the REDD+ Desk and representation at the Provincial Climate Change Coordination Committee. • Need to have the federal-level legal provision in integrated planning. • Enhance coordination across the cross-sectoral government and non-government organizations including academia (e.g., schools) at the provincial and district level for climate change-related integrated planning. •

Implementation status	Gaps/challenges	Suggestions
REDD+ related publication, 2 audio-visual materials were prepared to sensitize a wide range of stakeholders including security personnel and media. Nepal successfully initiated consultative meetings with China and India in 1995 and 1997 respectively and several central and field-level meetings or exchange visits have been done to increase cooperation in biodiversity conservation and controlling poaching and illegal trade in wildlife products. Nepal and China signed a five-year MoU in 2010 to enhance cooperation in biodiversity conservation and improve the capacity to fight against illegal trade and poaching in cross-border areas (DNPWC, 2010) and this MoU was renewed in 2015. MoU between Nepal and India is in the process. South Asia Wildlife Enforcement Network (SAWEN) is in place with the secretariat in Kathmandu for sharing intelligence and supporting regional operations against forest and wildlife crime.		
At the FCPF ER program area		
Provincial governments have enacted forest acts. DFOs and Park Offices are working in close collaboration with a diverse range of stakeholders at the field level. Terai Arc Landscape Strategy and Action Plan (2015-2025) has mentioned coordination mechanisms as the TAL Coordination Committee chaired by the Secretary of the MoFE and the TAL Working Group chaired by the DGs of the DNPWC and DoFSC. The DFOs and Park Offices have conducted various awareness-raising activities at the field level regarding REDD+ and forest conservation. Media persons are also invited to visit the forest management activities at the field level. Several TAL levels and local level meetings between officials of Nepal and India were held in the past to control the cross-border illegal trade of forest and wildlife products.		

Strategy 10: Improve capacity, institutional performance, and service delivery of the forestry sector institutions, rights-holders, and relevant stakeholders

A total of 11 strategic actions are described in this strategy. The actions are to support restructuring and reforming forestry institutions as specified in the forestry sector strategy and improve GESI responsive and leadership competencies through mentoring, counseling, and capacity-building activities. Other actions include supporting, reviewing, and simplifying the judiciary and judicial process identifying capacity needs, and equipping forestry institutions with the necessary skills, technologies, and logistics for forest law enforcement. Increasing the knowledge and capacities of relevant stakeholders, political leaders, and rightsholders on REDD+ and climate change and institutionalizing and strengthening REDD+ institutional mechanisms with clear roles and responsibilities are important actions under this strategy. The strategy also includes actions related to ensuring adequate representation and meaningful participation of women, IPs, *Madhesi*, *Dalits*, Local Communities, the Private Sector, and forest-dependent poor in relevant forestry decision-making processes through policy provision and institutionalization, and establishing and strengthening gender-sensitive, socially, and culturally

appropriate feedback and grievance redress mechanism. Providing support capacity and institutional development for improving the governance of FUGs and promoting a reward and penalty system for FUGs and government authorities for illegal harvesting are other actions in this strategy.

Forestry sector policies and strategies such as the Forestry Sector Strategy (2016-2025) have identified REDD IC as a key entity to facilitate REDD+ initiatives while provincial governments and communities as partners for community-based REDD+ initiatives (Table 13). The REDD+-specific decision-making arrangements at the federal, provincial, and district levels are institutionalized as per the NRS. Two high-level decision-making arrangements such as NRSC for high-level policy institutions and NRCC for technical matters and multi-stakeholder forums and IPs and CSOs alliances are established at the federal level. REDD+ desks are situated at the provincial forest directorate and DFOs to coordinate and facilitate REDD+-related activities at the provincial level.

After federalization, Nepal's forestry sector organizational arrangement is restructured with specific roles and responsibilities in forest management. The federal government is responsible for the formulation of forestry policies, legislative arrangements, and carbon management. The provincial government (i.e., the Provincial Forest Ministry) is responsible for managing the national forests while the local governments are responsible for conserving the forests and maintaining environmental capital. A grievance redress mechanism is established. Public hearings and public auditing are mandatory provisions for FUGs to improve and maintain governance.

The decision-making process for the carbon benefit distribution is defined by the Forest Act 2019 and its Regulations 2022. The BSP for the FCPF ER Program is finalized aligning with the existing legal provision. Forest Regulation (second amendment), 2022 has included REDD IC as a member of the FDF operation committee. Nevertheless, there are still strong concerns about the inadequate representation of IPO and Local communities in the Forest Development Fund (FDF) operation committee mentioned in the Forest Regulation, 2022. CSOs including FECOFUN and NEFIN have concerns about the criteria for the inclusion of their representatives in the FDF operation committee outlined in the draft FDF Operation Directives. The IPs and LCs highlighted to include their institutional representative in the FDF operation committee through a self-nomination process.

Appropriate mechanisms to enhance functional coordination and cooperation between the federal level (i.e., NRSC and NRCC) and provincial level (i.e., REDD+ desks) REDD+-related institutional arrangements may need to be specified in the new NRS. Clear coordination and cooperation mechanisms are necessary with the local governments. This can enhance ownership of provincial and local government authorities over the REDD+ initiatives. Besides, regular updates and interaction with provincial, local government, and local communities are necessary to sensitize them for consolidated efforts. Free-riding behavior among carbon beneficiaries can be mitigated by specifying the preparation investment plan for DFOs and FUGs as a precondition to be eligible for benefits.

Table 13: Implementation status, gaps, and suggestions for Strategy 10

Implementation status	Gaps/challenges	Suggestions
At the national level The Forestry Sector Strategy (2016-2025) has identified roles for the proposed 7 thematic areas. In the theme of “Responding to Climate Change”, the MoFE and RIC have been identified as key actors whereas provincial governments and communities were identified as potential partners for community-based REDD+ projects and PES projects, and for adaptation planning and implementation. After federalization, forestry organizations were restructured in the country. Accordingly, there are six divisions, four departments (Department of National Parks and Wildlife Conservation-DNPWC, Department of Forests and Soil Conservation-DoFSC, Department of Plant Resources-DPR, and Department of Environment-DoE), two centers (Forest Research and Training Center-FRTC and REDD Implementation Center) and three parastatals (Nepal Forest Corporation, Forest Products Development Board and Herbs Production and Processing Company Limited) under the federal ministry of forests and environment. At the Provincial level, there are seven ministries, seven province directorates, 84 division forest offices, and seven forest research and training centers under the provincial governments. There are a total of 6,501 staff positions at all seven provincial ministries responsible for forestry, biodiversity, environment, and climate change. There are a total of 3,653 staff members within the federal Ministry of Forests and Environment and 6,501 staff positions at all seven provincial ministries responsible for forestry, biodiversity, environment, and climate change (MoFAGA, 2018). Judicial processes related to forest law enforcement are mentioned in the Forest Act 2019 and the National Parks and Wildlife Conservation Act 1973. The Department of National Parks and Wildlife Conservation has prepared guidelines on “Wildlife-related Criminal Cases Processing, Judgement and Implementation” and “Wildlife-related Crime Investigation and Prosecution” in 2021. The government of Nepal has endorsed the Gender Equality Policy in 2021. The Sexual Harassment at Workplace Prevention Act, of 2017, provides the legal framework to ensure a safe working environment for all. There is a provision for assigning gender-focal persons at the forest offices. There is a Regulation Concerning the Conduct of Employees of the Civil Service, 2008 in place. The MoFE prepared a Code of Conduct for its Staff in 2013 based on the Governance Act 2007. From the fiscal year 2018/19 to 2022/23, RIC provided a total of 90 trainings targeted to REDD+ focal desk officials, 5 trainings on NFIS/SIS, conducted 60 workshops/meetings, 8 foreign visits for 64 participants, and 9 other capacity	• Lack of functional coordination and cooperation between federal-level REDD+-related decision committees with the provincial and District level REDD Desks' institutional arrangements as per the provision in the existing NRS. • No regular meetings and sharing organized even of the federal level REDD+-related committees and stakeholder forums. • Inadequate ownership of REDD+-related issues among the provincial government authorities. This can be due to carbon transactions being dealt with by the federal government. and management of the national forest responsibility is with the provincial governments. • There are limited coordination and interactions held to enhance ownership among the provincial government authorities along with local governments, and local communities. • Limited resources to operationalize and mobilize the provincial and district	• Strengthen coordination between the federal level and provincial/district level REDD+-related institutional setup (e.g., NRCC and REDD Desk). • Formulation of new NRS with clear roles and approaches for functional coordination and collaboration among the federal, provincial/District, and Local Government and community-level REDD+-related institutional arrangements. • Investment plans of DFOs and FUGs are mandatory provisions to be eligible for receiving REDD+ benefits. • Provide financial support to activate provincial/district level REDD desk. • Harmonize the mechanisms between the VCM guidelines and the new NRS with a provision to promote jurisdictional implementation of REDD+ by aligning different scales and governance levels of REDD+ implementation and to bring them into the process of meeting NDC and Long-term

Implementation status	Gaps/challenges	Suggestions
development activities (REDD IC, 2019, 2020, 2021, 2022, 2023). A 24-member National REDD+ Steering Committee (NRSC), chaired by the Minister for Forests and Environment, is the high-level policy institution for REDD+ in Nepal. The NRSC will meet at least once a year. Chaired by the Secretary of the MoFE, the 22-member National REDD+ Coordination Committee (NRCC) was formed in February 2020 which is an institution to make decisions on technical matters. The detailed Terms of Reference of the NRCC have been prepared by the committee itself in 2021. The NRCC meeting was conducted on 12th February 2020 and 16th June 2021. REDD Implementation Center has 13 staff members. Rule 42 (8) of the Forest Regulations 2022 has made compulsory provision of including at least 50% women in the 15-member CFUG Executive Committee where either the Chairperson or Treasurer and Vice-Chairperson or Secretary should be women. Rule 56 (10) and 57 (1) of the Forest Regulations 2022 have mentioned including women, IPs, Dalit, and Madhesi in Collaborative Forest User Groups and Committee respectively. Section 32 of the Environment Protection Act, 2019 has a provision for a 19-member Environment Protection and Climate Change Management Council chaired by the Prime Minister where 3 women should be compulsorily included. In the 24-member National REDD+ Steering Committee and 22-member National REDD+ Coordination Committee, representation of women, IPs, local communities, Dalit, and Madhesi has been ensured. MoFE has approved the GESI Strategy and Action Plan for the Climate Change Sector in 2021. ‘Hello Sarkar’ complaint box, and National Vigilance Centre have mechanisms for grievance handling at the federal level. In addition, every government office has a citizen charter in practice to which grievance handling official has been assigned. For example, the Chief of the RIC is the grievance-handling official for the center. DFOs have been providing support to the CBFM groups in maintaining governance, such as transparent decision-making, public hearings, and public audits. The CBFM groups have been practicing public hearings and public audits mainly through their general assemblies. In the annual report of the Commission for the Investigation of Abuse of Authority (CIAA) in the fiscal year 2022/23, the number of complaints, number of detailed investigations, and the number of cases filed at court from the MoFE were 236, 15, and 1 respectively. Similarly, from the Provincial ministry responsible for forests, the number of complaints, the number of detailed investigations, and the number of cases filed in court were 927, 24, and 4 respectively (CIAA, 2023). The Forest Act and National Parks and Wildlife Conservation Act, CITES Act have given authority to Division Forest Offices and Park Offices to control illegal harvesting, illegal trade, and encroachment.	level REDD+ desks (capacity building, awareness raising of the ER Program). • Inadequate sensitization of the result-based ER program about their requirements and responsibility and collective efforts of the forest managers. to achieve the emission targets, • Inadequate sensitization on inclusive arrangement and FGRM mechanisms at district and local level. • High risks of free-riding behavior between FUGs and the government authorities and within the FUGs. • Inadequate synchronizations among the policies and legal provisions with the existing NRS, international emission reduction commitment such as NDC, and Long-term Strategy for Net Zero Emission. • Lack of clarity on VCM Guidelines to integrate forest-based carbon initiatives.	Strategy for Net Zero Emissions targets. • Align REDD+ activities with the provisions made in the National Standards for Sustainable Forest Management (this is under the approval process). • Provide adequate support for the communities for their effective participation in the integrated planning process at district and local level and utilization of existing inclusive mechanisms, FGRM and FPIC process in an effective manner. • Include IPs and LCs organizations such as NEFIN and FECOFUN in the FDF Operation Committee through their self-nomination process. • •

Implementation status	Gaps/challenges	Suggestions
Forest Regulation (second amendment), 2022 has included REDD IC as a member of the FDF operation committee. Similarly, the draft FDF Operational Directive includes a separate section for the distribution of carbon benefits. REDD+ is determined as a key entity to manage and coordinate with the secretariate (i.e., DoFSC) for the benefit distribution from FDF to the provincial and local communities. Guidelines for the Voluntary Carbon Market are drafted by MoFE, especially to provide a framework for energy-based carbon initiatives.		
At the FCPF ER program area		
There are 6 Protected Area Offices and 2 Plant Research Centers under the Federal Ministry of Forests and Environment in the FCPF ER Program Area. Similarly, there are 16 Division Forest Offices, and 3 Soil Conservation and Watershed Management Offices of Provincial Governments in 13 ER Program areas. Gender Integration in REDD+ document has been prepared and submitted to the World Bank in 2017. REDD+ Focal Desk is established at the Provincial Forest Directorate. As per the constitutional provision and existing legislative instruments, the Division Forest Offices and Park Offices have been implementing programs and activities with due respect to the concept of gender equality and social inclusion. These offices have maintained the Citizen Charter at their offices.		

Strategy 11: Ensure social and environmental safeguards including environment-friendly development

A total of six actions are described in this strategy related to integrating and ensuring social and environmental safeguards in all REDD+ initiatives and adopting free, prior, and informed consent (FPIC). Other actions are developing and implementing alternative rehabilitation arrangements for landslide victims and ensuring effective implementation of IEE and EIA for nationally prioritized development projects. Similarly, this strategy further has specific actions of avoiding forest areas in infrastructure development and resettlement making compulsory provisions for tree planting to compensate for lost forest areas, and establishing and maintaining a national forest monitoring system with robust measurement, monitoring, reporting, and verification mechanisms.

Most of the actions of the strategy are implemented at different levels (Table 14). There is a provision for compensatory plantation in the Forest Act 2019 and its Regulation 2022 which is the key approach to avoid uncertainty and risk reversal necessary for the result-based payment. IEE and EIA are mandatory provisions included in the Environment Protection Act 2019 and its Regulations 2020. MoFE and REDD IC have drafted FPIC guidelines for the implementation of the ER Programs. FCPF ER program developed the Environment and Social Management Framework (ESMF) with GRM mechanisms to comply with the Cancun environmental and social safeguards.

Limited knowledge about the FPIC process and public hearing process in the IEE/EIA among the local communities and IPs and poor political commitment are the major challenges to the effective

implementation of FPIC and safeguard measures. Awareness raising of FPIC and public hearing among these communities and enhancing political commitment is necessary. While there are several provisions to involve IPs and LCs in REDD+ and forest management-related decision-making processes in line with the Cancun safeguards principles, the new NRS and forest legislation should include provisions to ensure Cancun safeguards. Similarly, legal and policy provisions about the safeguards should be consistent with Cancun and other Safeguard standards.

Table 14: Implementation status, gaps, and suggestions for Strategy 11

Implementation status	Gaps/challenges	Suggestions
At National level		
The Constitution of Nepal has guaranteed the right to environmental justice (Art. 30), the right to equality (Art. 18), the right against discrimination (Art. 24), the right to information (Art. 27), Women's right (Art. 38), Dalit's rights (Art. 40), rights to social justice including inclusion and participation (Art. 42). Constitutional remedies are also available for the enforcement of these rights. The Environmental Protection Act 2019 and its associated Regulations have incorporated strong environmental safeguards measures through environmental assessment (e.g., IEE/EIA) of the development proposals or forest activities (e.g., banning monocultural plantation or forest conversion without IEE/EIA). As per Section 107(2) of the Forest Regulation 2022, it should be ensured by the entity that there will be no environmental and socio-cultural harm during the development and implementation of Emission Reduction programs. However, lacking safeguards and promotional provisions in the laws. To adopt the FPIC approach in the context of the REDD+ or ER program, national legislation has incorporated specific provisions. As per Rule 107(6) of the Forest Regulation 2022, before selling forest carbon, prior informed consent from the affected local community is required to obtain, by notifying the Forest User Group or other affected local community by applying the process specified by the Government of Nepal. Similar provisions are incorporated into Rule 28(4) of the Environmental Protection Regulation 2020. The MoFE and REDD IC initiated the finalization of the REDD+/ER Program FPIC Guideline to operationalize these domestic legal provisions on FPIC with detailed steps and processes. The Constitutional provisions have committed to allocating land for the landless Dalits at least one time as per prevailing law (Art. 40(5)). Similarly, the identification of landless peoples and their rehabilitation by providing housing plots for residence, and cultivable land or employment for their livelihoods is one of the social justice-related Constitutional policies of Nepal (Art. 51(j)(6)). The Land Act 1964 (8th Amendment 2020) has made a special legal provision to operationalize these constitutional provisions. According to this act, if any landless family residing in the deforested land without a land registration certificate, the government can provide a land registration certificate, if appropriate based on the investigation and evidence. However, it is restricted to allocating forest land	• It is vague and somehow unclear, therefore, it should be focused on the integration and ensuring those safeguards that are recognized by the constitution, national legislation, decisions of UNFCCC CoP, and relevant methodological guidance of the ER program. • Revision is required to maintain alignment with the current national legislation and international approaches to FPIC and needs to redefine the scope for the application of FPIC particularly before finalizing the ER program, ER title transfer, and restriction in collective resource tenure rights. • Critical issue: It is estimated that about 104,000 ha. of the national forest is illegally encroached (OAG. 2024, page 477) and forced eviction measures have been applied in Nepal for the last many years without	• Environmental and social safeguards provisions of the existing regulatory provisions need to be reflected in the new NRS as key arrangements for safeguards. • The new NRS needs to provide specific measures to ensure inclusive BSP and effective GRM in line with the environmental and social safeguards provisions. • Alternative rehabilitation arrangements for landless people are ambiguous and it is required to revise this action of NRS to clarify alternative rehabilitation arrangements, particularly for landless people who are residing in forested lands. • Forest land conversion for other purposes is one of the major drivers of deforestation in Nepal. Therefore, this action needs to be included in the revised NRS with further clarity.

Implementation status	Gaps/challenges	Suggestions
to landless people, even if they are residing in the forested land (Sections 52B(4)). In such as situation, the government can apply alternative approaches such as the establishment of community/ collective residential areas for landless people. A large number of Nationally Prioritized Projects (e.g., roads, transmission lines, petroleum pipelines, irrigation, etc.) are operating or under construction or proposed in the forest areas of ER program areas. As per the Environmental Protection Act 2019, IEE/EIA is an integral part of the nationally prioritized projects or any other development projects, if they use the forestland (Sec. 3) in construction or operating phases. The act and regulation have given rights and responsibilities to the government agencies to monitor the implementation status of approved IEE/EIA every 6 months. During the monitoring, if the agencies found any activities relating to violation of IEE/EIA, they can give orders or correction measures to comply with the IEE/EIA, or agencies can impose fines and punishments against the violation of IEE/EIA (Sec. 13, 21, 36 and Rule 45). Sections 12 and 42 of the Forest Act, 2019 and Chapter 12 (Rules 87-103) of Forest Regulation 2022 have made specific provisions to avoid forest areas in infrastructure development and resettlement and make compulsory provisions for tree planting to compensate for forest areas being cleared. Nepal has drafted an SIS and is in the process of drafting a Summary of Information (SoI) to submit to the UNFCCC (http://sis.redd.gov.np/sis).	FPIC namely for the rehabilitation of such encroached forests. Therefore, it is required to define clear legal provisions or guidelines to apply differentiated treatment for the ancestral land and illegally encroached national forestland, because as per international law, forced eviction, involuntary relocation, and resettlement activities are not allowed in the ancestral land without FPIC. • Lack of awareness of FPIC and social safeguards at the community level. • Poor implementation of environmental safeguards due to lack of political will. • Lack of effective monitoring system for the assessment of the implementation status of safeguards arrangement.	• Policy provisions should be made consistent with the provision of the Cancun Safeguards. For example, Compensatory plantations should be of native species to avoid monoculture. • Raise awareness of the FPIC process among the IPs and Local communities through consultation, training, interactions, and promoting the engagement of IPs and LCs in the FPIC planning process. • Ensure the effective implementation of GRM at all levels. • Development of SIS and SOI to inform how safeguards are being addressed and respected throughout the REDD+ process. • Define the capacity-building actions in the NRS for the effective monitoring system to assess the implementation status of safeguards arrangement at all levels. • Action 11.6 is not relevant to this strategy and good to shift it to the relevant Strategy i.e., 12 during the formulation of the new NRS.
At the FCPF ER program area		
Section 14 of the ER program ensured that all the triggered WB Safeguards policies and Cancun safeguard principles will meet during the formulation and implementation of the ER program through the SESA/ESMF process. SESA/ESMF was prepared with a rigorous process to identify the potential social and environmental impacts and it has proposed mitigation actions at ground level. The GRM is also an integral part of the ER program which is functional through the existing institutional arrangements under the provincial government (DFO) and local government (judicial committee). It has been found that some of the social safeguard measures are also integrated into the management plans of Forest use groups, which has supported the implementation of this action at the community level. The FCPF ER has committed that without FPIC of Indigenous Peoples and local communities, restriction of tenure and use rights of forest-dependent communities will not be imposed, and before forced eviction, involuntary relocation, and resettlement, FPIC should be obtained from Indigenous Peoples and local communities. However, tenure rights restriction-related activities and forced eviction, involuntary relocation, and		

Implementation status	Gaps/challenges	Suggestions
resettlement activities are not included in the ER program. Land-use planning is one of the main activities of the ER program and it has also identified the risk of displacement of landless households from their residing areas during the implementation of land-use planning. Therefore, the FCPF ER program has proposed remedial action to manage settlements for landless people before displacement. The Land-Use Act, 2019 has given the responsibility to the Local Government for the formulation and implementation of a local-level land-use plan (Sec. 6(5)) and it is required to define the settlement areas for the landless people in the land-use plan. However, it has been found that very limited local governments have developed land-use plans and the implementation status of such plans is relatively weak. The FCPF ER program has identified that infrastructure development is one of the main drivers of differentiation. Activity 6 of the ER program (Implement integrated land-use planning measures to reduce forest conversion associated with infrastructure development) has defined specific intervention actions (Develop, approve, and implement integrated land-use plans and monitoring). FCPF ER Monitoring Report 2023 has identified that out of 144 local governments in the FCPF ER program area, 44 local governments have developed and implemented land-use plans for their jurisdictions in the ER program area. The government of Nepal is also implementing the TAL Strategy and Action Plan (2015-2025) which has fixed specific land-use targets to maintain forest areas as envisioned in the constitution, national law, and policies. Despite giving high emphasis on the important role of land use planning to maintain forests in the policy and program instruments, the implementation of land use plans is relatively weak.		

Strategy 12: Establish and maintain a robust and well-functioning national forest monitoring system

This strategy has six actions for enhancing the national capability of government and local communities with investment, technology, and human resources to conduct forest resource inventories, especially for the collection, analysis, storage, management, and dissemination of carbon and non-carbon-related data for planning and MRV. Other actions are establishing a well-functioning forest management information system under the national forest monitoring system and developing and operationalizing a cost-effective MRV for REDD+ and the ER Program. Actions also include strengthening community-based monitoring systems and establishing spatially explicit information systems on land use potential, allocations, and potential complementary/conflicts with the REDD+.

FRTC has been designated as a mandated entity for the management of the National Forest Monitoring System and MRV-related activities for REDD+ (Table 15). National Forest Monitoring System was established, however, due to the weak capacity of government agencies this could not be well-managed and maintained with the updated data. The National Carbon Registry mechanism has not been established yet, hence, Nepal will transact the emission reduction unit of the FCPF ER Program as per the World Bank-authorized transaction system – Carbon Assets Tracking System (CATS).

Well-management of the existing NFMS with updated carbon and non-carbon data is a key priority area to be included in the new NRS. Besides, the establishment of a National Carbon Registry mechanism is necessary to demonstrate Nepal's capability, commitment, and interest in the future toward result-based payments. Resource generation and technical skill enhancement of the government authorities and relevant stakeholders for maintaining and operating of NFMS and carbon registry should be prioritized in the new NRS.

Table 15: Implementation status, gaps, and suggestions for Strategy 12

Implementation Status	Gaps/Challenges	Suggestions
At the National Level		
National Forest Information System and National Forest Database reports were prepared in 2016 to meet one of four designed elements under the UNFCCC (Paragraph 71 Decisions1/CP.16).. The information is available at the website: http://nfis.redd.gov.np/nfis. FRTC is the mandated government agency to operate and update NFMS and carry out forest resource inventory in Nepal supporting and related to REDD+ for which the government is allocating resources for the purpose. Forest Resource Assessment in the country was carried out from 2010 to 2014 using existing tools and technologies and the result was published in 2015. The National Land Cover Monitoring System was developed by the FRTC for Nepal in 2021. For MRV work, FRTC has prepared a Manual on "data analysis and results generation" and on "Quality Control and Quality Assurance of National Forest Inventory". FRTC undertook carbon measurement as part of MRV of the FCPF ER Program, prepared the Monitoring Report, and submitted it to the World Bank in September 2023 for verification and validation. There is no national carbon registry system developed for the transaction of the emission reduction units. Nepal follows the World Bank-accredited carbon registry system - the Carbon Assets Tracking System (CATS) as the transaction carbon registry for the emissions units generated under the FCPF ER Program. Rules 134 and 135 of the Forest Regulation, 2022 have given responsibilities to the different levels of forest agencies for the monitoring and reporting of forest data and information from the local to national level.	• No continuation and update of the national forest information system with carbon and forest inventory data. • The National Carbon Registry mechanism has not been established yet due to inadequate financial and skilled human resources • Weak capacity of government agencies and local communities on carbon and non-carbon-related data and information management. • As mentioned in the NRS, there is limited coordination of FSCMD of FRTC with DFOs, provincial forest directorate, and community-based forest management groups during the carbon measurement. • Despite having legal arrangements for the data management and sharing systems (e.g., Forest Regulation, 2022 Rules 134 and 135), there is a weakness in the data-sharing practices.	• The established national forest information system should be continued and maintained. • While Nepal is implementing two ER Programs and is exploring other options, a National Carbon Registry mechanism needs to be established to demonstrate its interest, and accountability towards ensuring data are real, accurate, permanent, verifiable, and additional. The carbon registry serves to track the data of emission reduction from sources and carbon removal from sinks. The data logged in the registry will include the ER Program initiated, their geographical locations, and expected ERs from each ER Program. • Strengthening the capacity of government agencies and local communities on carbon and non-carbon-related data and information management is needed. • The reporting mechanism established by rules 134 and 135 of Forest Regulation 2022 needs to be exercised. • Strengthen coordination between FRTC and
At the FCPF ER program area		
For Nepal's first Emission Reduction monitoring report, a re-measurement of 568 forest sample plots was carried out in 13 FCPF ER Program districts.		

Implementation Status	Gaps/Challenges	Suggestions
		REDD IC especially dedicated units within them (i.e., FSCMD of FRTC and Carbon Accounting, Monitoring, and Reporting Coordination Section - CAMRC of REDD IC).

4.4 Challenges of REDD+

This section discusses some major challenges perceived by the existing NRS and highlights their existing dynamics and their necessity to be included in the new NRS. Coordination between the federal and provincial government authorities, capacity building, financing, and governance are the major perceived challenges mentioned in the existing NRS.

The coordination and REDD+ implementation challenges are still prevalent probably due to the distribution of carbon and forest management rights to the different levels of government. As per the Constitution of Nepal, the governance over carbon services lies in the federal government, while provincial governments have the mandate to manage national forests including through their subsidiary DFOs and local communities.

The secretaries of the Provincial Forest Ministry are included as members of the REDD+-related high-level institutional arrangement- the NRSC. The secretaries of the Provincial Forest Ministry are the employees of the federal government and are strategically deployed to address the institutional vacuum between the federal and provincial forest authorities for forest management. However, responsibilities and ownership of Provincial Forest Ministries, especially over the REDD+ have not been realized probably due to inadequate sensitizations and interactions such as limited meetings of the NRSC.

Similarly, the REDD+ Focal Desks are provisioned at some of the Provincial Forest Directorate and Division Forest Office to facilitate the REDD+-related activities implementation at the provincial and local community levels. However, there is a lack of coordination and cooperation between the federal-level institutions – REDD IC, NRSC, and NRCC with the provincial REDD+ desks. This is probably due to an inadequate sensitization to inform the provincial authorities and local communities that are responsible for forest management as well as beneficiaries of REDD+ benefits (*e.g., DFOs will receive REDD+ benefits from the FCPF ER Program for the government-managed forests*). A clear explanation of the coordination mechanism among the federal and provincial entities is essential to include in the new NRS.

REDD+ activities may require certain adjustments to the existing forest management activities to achieve carbon outcomes while ensuring the conservation of biodiversity and ecosystem services without any exacerbation of local livelihoods. As indicated in the existing NRS, there is a felt of limited capable and skilled human resources in the MoFE to provide the required level of REDD+ services. This is realized to maintain and manage NFMS, establish and operate the National Carbon Registry System, and undertake efficient forest carbon monitoring and reporting in compliance with the internationally accepted methodologies. Despite several REDD+-related training and capacity-building activities conducted by the REDD IC to capacitate the forestry officials and CBFM groups, these are not sufficient to implement the REDD+ activities in the country.

The existing NRS mentions transforming the RIC into a semi-autonomous entity to enhance the organizational scope for seeking funds and entering into partnerships with international/bilateral/multilateral and other alternate climate finance mechanisms. However, there is no such progress so far besides the preparation of the ER program under the LEAF Coalition. REDD IC can explore other result-based payment options such as the SCALE under the World Bank, the GCF RBP Programs, and article 6.2 and 6.4 mechanisms under the Paris Agreement.

Based on the official records maintained at the MoFE as of February 2024, there are a total of 26 projects in forestry, environment, biodiversity, and climate change sectors in the MoFE with a total amount of USD 170.40 million. Forests for Prosperity Project funded by the World Bank is being implemented in some districts of the FCPF ER Program area and some other districts of Madhesh and Lumbini Provinces to support REDD+-related activities. While Forestry sector policies and legal instruments have recognized the NRS, REDD+ activities can be integrated into the governments' regular plan to avoid additional costs.

The economy of scale and benefit margin of the REDD+ and similar result-based payment is a potential challenge, especially for smallholder FUGs. FUGs need to fulfill administrative requirements irrespective of their forest size. However, smallholder FUGs may receive small benefits from the REDD+. Such concern can emerge when the actual REDD+ benefit distribution from the FCPF ER Program takes place whereby the carbon benefits are distributed based on the forest area (ha) as mentioned in the BSP of the FCPF ER Program (REDD IC, 2023). A long-standing discussion on REDD+ in Nepal and delays in receiving result-based payment from the FCPF ER Program has both increased expectations and concerns among the beneficiaries. The amount of benefit per unit area of forest is not assigned yet, however, benefits smaller than their general expectation can demotivate, especially smaller FUGs to engage not only in future REDD+ initiatives but also in forest management activities in general.

Similarly, the incidence of free-riding behavior in the jurisdictional REDD+ initiative is a major challenge where multiple entities including different types of forest user groups (e.g, CFUGs, BZCFUGs, Collaborative FM Groups, and Leasehold FUGs and government authorities are involved in ER program as beneficiaries. Underperformances or low contributions of some of these groups to forest management can affect the achievement of overall emission reduction results. If there is no provision for monitoring and penalty, low contributors will also be eligible to receive benefits under the distribution criteria irrespective of their contribution. To avoid this challenge, NRS (and any further Benefit-Sharing Plans per jurisdictional REDD+ initiatives) can include the submission of the investment plan that should be established for DFOs and FUGs as a precondition for receiving benefits from REDD+. Strengthening and maintaining good governance is also one of the major challenges at all levels and to overcome this challenge, there is required to develop a governance monitoring plan for all types of forest management systems including FUGs.

4.5 Institutional arrangement for REDD+ implementation

This section discusses the status, updates, and effectiveness of institutional arrangements defined in the NRS for the REDD+ implementations including safeguard and MRV. Nepal implemented a sub-national level ER program with the carbon fund of FCPF and is designing another sub-national ER program under the LEAF Coalition (Table 16). Some provisions are needed to avoid double counting and claiming while there is geographical overlapping of the FCPF and LEAF ER Program areas and with upfront-based BRCRN (GCF) and FFPP (World Bank-funded) projects. The updated NRS can serve to define some measures for ongoing and future ER Programs.

Table 16: Implementation Arrangements for REDD+ implementation

Title	Implementation status	Gaps/challenges and recommendation
Scope, Scale, and Approach	• REDD+/ER Program with FCPF carbon fund is implemented at the jurisdictional level comprising 13 districts of the TAL area. • Another jurisdictional ER Program with the LEAF Coalition is proposed for 36 districts of three provinces – Bagmati, Gandaki, and Lumbini. • No carbon monitoring is undertaken at the local community level. • Monitoring work is completed, the Monitoring Report for the FCPF is prepared and verification is in process. • The Benefit Sharing Plan of a jurisdictional ER Program Districts has been prepared in 2022. The distribution mechanisms of carbon benefits are highlighted in brief in the National Climate Change Policy 2019 and Rule 115 of the Forest Regulations. • The National Carbon Registry has not been established. • Forest Reference Level (FRL) was submitted to the UNFCCC Secretariat in 2017. • Updated National FRL in 2021. • Nepal has implemented a fund-based ER program with the FCPF Carbon Fund and implementing the LEAF ER Program under the ART TREES • Finance: Forestry for Prosperity Project funded by the World Bank in the implementation in Madhesh and Lumbini Provinces. • Carbon Rights: Though carbon services are the exclusive right of the federal government, the benefits arising from the carbon trade are being shared through developing a benefit-sharing plan. Forest Regulations 2022 has made provision for benefit sharing from carbon trade. • Several policies and legal instruments were formulated/updated after the formulation of the NRS. • Environmental and Social Safeguards: REDD+ Social and Environmental Standards was prepared in December 2013, Strategic Environmental and Social Assessment in August 2014, and Environmental and Social Management Framework in October 2019. Nepal has initiated to development of the Safeguard Information System (SIS) and Summary of Information (SoI). • FPIC Framework: As per Rule 107(6) of the Forest Regulation 2022, before selling forest carbon, prior informed consent from the affected local community is required to obtain, by notifying the Forest User Group or	• Community-level carbon monitoring was not included in the FCPF ER Program monitoring report Local Resource Persons were not adequately mobilized in the monitoring process to enhance local ownership of the emission reduction outcomes among local communities. • Reliability and compatibility (methodology) of carbon monitoring are the major concerns. • However, adequate involvement of Provincial government representatives and local communities is crucial to legitimizing the process as well as enhancing their capacity. • Nepal has experienced only fund-based REDD+ and needs to explore other compliance-based financing. • The new NRS can specify the measures to adopt FPIC throughout the REDD+ process. • Nepal's REDD+-related GRM should consider the procedures outlined in GRM of Article 6.4 of the Paris Agreement, which has been recently finalized by the Supervisory Body entrusted as per the decision 3/CMA3.

Title	Implementation status	Gaps/challenges and recommendation
	other affected local community by applying the process specified by the Government of Nepal. Similar provisions are incorporated into Rule 28(4) of the Environmental Protection Regulation 2020. The MoFE and REDD IC initiated to finalization of the REDD+/ER Program FPIC Guideline to operationalize these domestic legal provisions on FPIC with detailed steps and processes. The FPIC guidelines are developed considering the national and international decisions related to IPs and Women (i.e., UNFCCC's Cancun safeguard, ILO 169, UNDRIP, CBD, etc.). • Grievance Redress Mechanism: Nepal is committed to addressing GRM through legal provisions and institutional arrangements across the governments. As per Section 25 and Section 31 of the Good Governance (Management and Operation) Act, each government agency, including DFO and Park Offices, has established a grievance handling mechanism and set up citizen charters in their offices respectively. As per section 46 of the Local Government Operation Act 2017, each local government has formed a three-member judicial committee coordinated by its Vice-Chairperson/Deputy Mayor to settle disputes or complaints in their respective jurisdictions. Feedback and GRM for the REDD+ Implementation in Nepal was prepared in September 2015.	
Phases of REDD+ Implementation	• The readiness Phase was completed when Nepal advanced its capacity for the REDD+ implementation. • Demonstration Phase: In addition to 13 ER Program Districts, the Government of Nepal is in the process of finalizing the ERPD document for 36 districts of Bagmati, Gandaki, and Lumbini Provinces of Nepal. Preparation of documents for the result-based ER Program with LEAF Coalition is ongoing. • Result-based Payment Phase: MRV completed, ER Monitoring Report is in place.	• Capacity-building is a continuous process and support is still necessary to raise awareness among political leaders, local communities, and provincial governments. • Similar support is necessary to build technical skills in managing NFMS, SIS, Carbon registry, and MRV.
Institutional arrangement for REDD+ implementation	• A 24-member National REDD+ Steering Committee (NRSC), chaired by the Ministry for Forests and Environment, is the high-level policy institution for REDD+ in Nepal. The NRSC will meet at least once a year. Chaired by the Secretary of the MoFE, the 22-member National REDD+ Coordination Committee (NRCC) was formed in February 2020 which is an institution to make decisions on technical matters. The detailed Terms of Reference of the NRCC have been prepared by the committee itself in 2021. The NRCC meeting was conducted on 12th February 2020 and 16th June 2021. REDD Implementation Center has 13 staff	• Nepal's National REDD+ Strategy proposes to transform the REDD IC as a semi-autonomous entity before the result-based payment phase of the REDD+. However, there has not been restructured the RIC accordingly.

Title	Implementation status	Gaps/challenges and recommendation
	members. The REDD+ Multi-Stakeholder Forum and the REDD+ CSOs & IPOs Alliance as mentioned in the NRS have been less functional in the last few years. REDD+ Focal Desk is established at the Provincial Forest Directorate. At the local level, no such REDD+ mechanisms are in place. Besides the REDD+-specific institutional arrangements, there are inter-ministerial climate change coordination committees to deal with overall climate change issues across the sector both at the federal and provincial levels as envisioned in the Climate Change Policy, 2019, and sections 32-34 of the Environmental Protection Act 2019. While there is a realization of cross-sectoral coordination for some REDD+ activities, the Inter-Ministerial Climate Change Coordination Committees both at the federal and provincial levels could be an additional institutional arrangement to address these issues.	- As discussed above, there is limited functional coordination and cooperation between the federal (NRSC, and NRCC) and federal levels (REDD+ Desks) REDD+ institutions. - The composition of the NRSC and NRCC should be reviewed. - No meeting of a multistakeholder forum and IPs and CSO alliance in the last few years. - Explore the relevancy of the Inter-ministerial climate change coordination committee to address the gaps experienced for some non-forestry REDD+ activities.
Institutional arrangement for monitoring and MRV system	FRTC has a dedicated division namely the 'Forest Survey and Carbon Monitoring Division' that generates valuable statistics information and acquires remote sensing data to generate useful products for conducting forest inventory and mapping carbon measurements necessary to plan overall forestry development at national, regional, and district levels. The FRTC has coordinated with DFOs Park Offices and local CBFM groups while measuring sample plots.	- As mentioned in the NRS to have a 'Carbon Accounting, Monitoring, and Reporting Coordination (CAMRC) Section', no such section is in place in REDD IC, instead, a Remote Sensing and GIS Section exists. - There is a dedicated division - the Forest Survey and Carbon Monitoring Division (FSCMD) established under the FRTC to undertake overall forest monitoring systems and report to the REDD IC through FRTC (As per section 5.3.2 of the NRS). - As expected, there is still inadequate coordination between the federal (FSCMD) and sub-national level forest authorities (e.g., Provincial FRTC, DFOs,

Title	Implementation status	Gaps/challenges and recommendation
		and community-based forest management groups) to engage them in the carbon measurement, National Forest Monitoring and Information System (NFMIS), and MRV process. • The Chief of Forest Training and Extension Centre of FRTC (previously DFRS) is a member of NRCC. The Director General or Chief of the FSCMD of the FRTC should be a member of NRCC to better coordinate and transfer the organizational memory of the NFMS, MRV, or forest measurement-related initiatives.
Institutional arrangement for implementing safeguards	• As mentioned in the NRS, the ‘Social and Environmental Safeguards Section’ is not in place under the RIC. A provincial REDD desk has been established at the Province Forest Directorate. REDD+ Social and Environmental Standards were prepared in December 2013, the Strategic Environmental and Social Assessment in August 2014, Environmental and Social Management Framework in October 2019. A Safeguard Information System is in place which can be accessed at: http://sis.redd.gov.np/sis.	• SIS is in place but not functional due to the lack of a Monitoring Plan to collect and analyze the data and information on safeguards from different levels to know how the defined principles, criteria, and indicators are promoted, supported, addressed, and respected as envisioned in the SIS.
Institutional arrangement for feedback and grievance redress mechanism	• As per Section 25 and Section 31 of the Good Governance (Management and Operation) Act, each government agency, including DFO and Park Offices, has established a grievance handling mechanism and set up citizen charters in their offices respectively. As per section 46 of the Local Government Operation Act 2017, each local government has formed a three-member judicial committee coordinated by its Vice-Chairperson/Deputy Mayor to settle disputes or complaints in their respective jurisdictions. A Feedback and Grievance Redress Mechanism for REDD+ Implementation in Nepal was prepared in September 2015. It has been found that a small number of CFUGs have established monitoring and conflict resolution sub-committees that work as FRGM in the CFUGs.	• Integrate these procedures and entities appropriately into the REDD+-related GRM.

Title	Implementation status	Gaps/challenges and recommendation
Benefit Sharing Arrangement	• The benefit benefit-sharing plan of the FCPF ER Program for 13 Terai Arc Landscape Districts is prepared considering the provisions mentioned in the National Climate Change Policy 2019 and Rule 115 of the Forest Regulations 2022. Benefits distribution will be undertaken by the FDF Program Selection and Implementation Committee described in Rule 109 of the Forest Regulations 2022 which will be chaired by the Secretary of the MoFE where 2 representatives of forest user groups are included in the committee. The FDF secretariat is housed in the Department of Forests and Soil Conservation. • However, the draft FDF guidelines have made a separate section for the distribution of REDD+-related benefits and consider the roles of REDD IC in supporting the secretariate (i.e., DoFSC) to manage the benefit distribution to the DFOs and FUGs.	• The inclusion of IPs and LCs including NEFIN and FECOFUN should be included in the FDF Operation Committee through their self-nomination process. • Need approval of FDF Guidelines before the distribution of benefits from the FCPF ER Program.
Institutionalization of REDD+ program entity	• Nepal's National REDD+ Strategy proposes to transform the REDD Implementation Centre as a semi-autonomous entity before the result-based payment phase of the REDD+. However, RIC has not been restructured accordingly. The process of REDD IC becoming a Direct Access Entity to the GCF has not been initiated. The REDD IC is following the auditing by the Auditor General's Office of Nepal.	• Clarity is needed on the nature (e.g., promoted to semi-autonomous entity as mentioned in the existing NRS) of REDD IC in the future.
Harmonization of sector legislation	• The Government of Nepal has formulated several policy and legislative instruments such as the National Climate Change Policy 2019; National Forest Policy 2019; Forest Act 2019 and its Regulations 2022; Environment Protection Act 2019 and its Regulations 2020; Industrial Enterprise Act 2020; Land Act (8th Amendment) 2019; Second NDC 2020 and its Implementation Plan 2023-2030; Provincial Forest Act; Nepal's Long-term Strategy for Net-zero Emissions 2021.	• Several policies and legislative instruments related to ER and REDD+ developed after the implementation of the existing NRS. Strategies and associated actions aligning with these policies and legislative provisions should be included in the updated NRS.
REDD+ Fund Management	• Neither REDD IC became a semi-autonomous entity nor was the REDD+ fund created. The Forest Act 2019 and its Regulations 2022 (The second amendment) 2024 have given the responsibility to REDD IC to manage carbon benefits under the FDF in coordination with the FDF program selection and operation committee and FDF secretariat (i.e. DoFSC).	• The new NRS needs to provide a clear and coordinated institutional arrangement supporting REDD IC for effective and equitable carbon benefits distribution.

4.6 Safeguard measures

This sub-section highlights and discusses the status of the potential social and environmental impacts of REDD+ strategy and actions, the effectiveness of the Safeguard Information System (SIS), and grievance redress mechanisms. As committed in the NRS, Nepal has established SIS (<http://sis.redd.gov.np/sis>). A separate study has not been conducted so far on the social and environmental impacts of the NRS. The national level SESA of potential REDD+ actions was conducted before the formulation of the NRS in Nepal and committed to harmonizing it with the proposed actions of the NRS, though not conducted SESA or any other impact study of the actions of the NRS, however, ESMF of the FCPF Carbon Fund ER program has conducted to fulfill the required milestone before implementing ER program at the sub-national level. The FGRM study report was produced during the REDD+ readiness phase and the NRS has proposed to use the existing forestry sector GRM for the REDD+ activities. REDD IC is currently developing a REDD+-specific FGRM for implementation in the ER program area under LEAF Coalition (Table 17).

Table 17: Safeguard Measures

Title	Implementation Status	Gaps/Challenges and recommendation
Potential Social and Environmental Impacts	The positive and negative social and environmental impacts of REDD+-related activities have been addressed through policy and institutional measures. For example, Rule 107 has committed to avoiding the negative social and environmental impacts of the ER program and this rule has also incorporated a legally binding provision for FPIC.	- Lack of program or activities for the impact study of NRS, the new NRS needs to emphasize the impact study and actions for addressing adverse impacts of the ER program. - The new NRS should consider FPIC as an integral part of the REDD+ and ER program in line with the national legal instruments
Social and Environment Safeguards System	The Constitution of Nepal has guaranteed the right to environmental justice (Art. 30), the right to equality (Art 18), the right against discrimination (Art. 24), the right to information (Art. 27), Women's right (Art. 38), Dalit's rights (Art. 40), rights to social justice including inclusion and participation (Art 42). Constitutional remedies are also available for the enforcement of these rights. The Environmental Protection Act 2019 and its associated Regulations have incorporated strong environmental safeguards measures through environmental assessment (e.g., IEE/EIA) of the development proposals or forest activities (e.g., banning monocultural plantation or forest conversion without IEE/EIA). As per Section 107 (2) of the Forest Regulation 2022, it should be ensured by the entity that there will be no environmental and socio-cultural harm during the development and implementation of Emission Reduction programs. However, lacking safeguards and promotional provisions in the laws.	There is a lack of safeguards promotional provisions in the NRS and there is a need to add specific actions for the promotion of safeguards such as capacity building on safeguards, FPIC, and BSP at the community level and support for the access to GRM and legal remedy.

Title	Implementation Status	Gaps/Challenges and recommendation
	• SESA/ESMF was prepared with a rigorous process to identify the potential social and environmental impacts and it has proposed mitigation actions at ground level. The GRM is also an integral part of the ER program which is functional through the existing institutional arrangements under the provincial government (DFO) and local government (judicial committee). It has been found that some of the social safeguard measures are also integrated into the management plans of Forest use groups, which has supported the implementation of this action at the community level.	
Review and Harmonization of the REDD+ SESA and ESMF	• Nepal prepared the REDD+ SESA at the national level and ESMF at the sub-national/project level. • Nepal also updated ESMF in 2021 for the project level.	• Inadequate safeguards harmonization across the policy and legal landscape and needs to mainstream the safeguards approaches in the policy and project document as per legal requirements.
Safeguard Information System (SIS)	• The National REDD+ Safeguards Information Systems (SIS) has been established which can be accessed at: http://sis.redd.gov.np/sis. Any interested or affected community can provide feedback to improve and implement it. • The monitoring plan is yet to be developed which is important for collecting and providing information on how REDD+ safeguards are being addressed and respected throughout the implementation of the REDD+ program. • The summary of Information (Sol) report is drafted though it is yet to be finalized in a consultative way. • Lacking capacity building of government officers, Indigenous Peoples, and Local Communities for the effective utilization of SIS.	• The new NRS needs to include specific promotional actions for the effectiveness of SIS. • The new NRS needs to focus on developing a well-defined and easy-to-use safeguards, monitoring, and evaluation framework. • The new NRS should have a provision for the safeguards-specific multi-stakeholder monitoring system.
Feedback and Grievance Redress Mechanisms	• As per Section 25 and Section 31 of the Good Governance (Management and Operation) Act, each government agency, including MoFE, REDD IC, DFO, and Park Offices, has established a grievance handling mechanism and set up citizen charters in their offices respectively. As per section 46 of the Local Government Operation Act 2017, each local government has formed a three-member judicial committee coordinated by its Vice-Chairperson/Deputy Mayor to settle disputes or complaints in their respective jurisdictions. A Feedback and Grievance Redress Mechanism for REDD+ Implementation in Nepal was prepared in September 2015.	• Need to define the Officer for GRM in the new NRS considering the existing legal arrangement for FGRM rather than establishing a new mechanism. A specific activity for securing access to GRM for affected communities needs to be included in the new NRS with adequate resources.

4.7 Forest reference level

Nepal prepared and submitted the National FRL to UNFCCC to enable the measurement of the result-based performance of REDD+ activities associated with the implementation of the National REDD+ Strategy. The national FRL was developed in a stepwise approach covering the entire country. Nepal adopted the methodological guidance of the IPPC Good Practices Guidance for Land Use, Land Use Change, and Forestry to estimate the emission by sources and removals by sinks. By using a similar methodological approach, Nepal also prepared a sub-national FRL for the 13 districts of the TAL area as part of the baseline for the result-based ER program with the FCPF carbon fund. Both FRLs included only CO₂ from two carbon pools – Above and Below-ground biomass and other carbon pools such as deadwood, litter, and soil organic carbon (SoC) were not included due to lack of reliable data. Three of the five REDD+ activities including emission from deforestation and forest degradation and carbon removal from afforestation are included in both FRLs.

The historical average reference period for the National FRL is between 2000 and 2010 while between 2004 and 2014 is considered for the sub-national FRL (Table 2018). Net annual emission for the National FRL is higher than that of the sub-national FRL. The National FRL has considered only emissions from the fuelwood extraction under the forest degradation.

As per the recommendations on FRL from the Technical Assessment team, the GoN assessed carbon emissions from forest degradation caused by forest fires, grazing, and illegal felling besides fuelwood collection (which was only included in Nepal's first FRL). However, according to the MoFE (personal communication), the national FRL is not updated with the emission reduction data from these drivers. As per the MoFE authority, there is no national-level emission reduction assessment executed for the forestry sector that is compatible and comparable with the progress of FRL. However, the national GHG inventory report prepared for the Third National Communication Report (MoFE, 2021b p. 62) has indicated forests as a net sink of carbon removal (17,077.81 Gg CO₂-eq yr⁻¹) due to the removal of CO₂ in forest lands and non-forest-lands-including-shrublands. This report is not fully comparable with FRL due to inconsistent methodologies and carbon pools considered, yet it provides some hints for Nepal's emission reduction efforts.

Nepal has expressed its strong commitment to the continuous improvement of its FRL estimates in line with the stepwise approach based on its national capabilities. Hence, there is a need to update the FRL with additional carbon pools and emission drivers to increase the scope of emission reduction through the future ER Program. For instance, the incorporation of emissions from forest fires may increase the scope of the result-based REDD+ while the incidence of forest fires has increased in recent years becoming a major emission source/driver in Nepal.

Table 18: Forest reference level

Title	Implementation Status	Gaps/Challenges
Method for the Estimation of the FRL	As per the requirement of Para 70, decision 1 of CoP16 of the UNFCCC, and methodologies guided by decisions 12/CoP17 and 13/CoP19, Nepal prepared the National Level FRL in 2017 with the historical average of reference period between 2000 and 2010 and submitted it to the UNFCCC secretariat on 8 January 2017. With the incorporation of input from the UNFCCC-nominated Technical Assessment Team, Nepal resubmitted the modified national FRL to the UNFCCC on 18 September 2017. (Available at	Nepal's both national and sub-national (for the FCPF ER Program) FRL included the AGB and BGB carbon pools. Both FRLs have included

Title	Implementation Status	Gaps/Challenges
	https://redd.unfccc.int/submissions.html?sortCountry=asc&sortLevel=asc&country=npl). - The national FRL with the historical reference period 2000–2010 is the annual average of the carbon dioxide (CO₂) emissions and removals associated with deforestation, forest degradation, and afforestation/reforestation among the activities included in decision 1/CP.16, paragraph 70. For preparing FRL, Nepal has considered only AGB and BGB carbon pools. Remote sensing data of Landsat TM for the period 2000–2010 was used to develop activity data on deforestation and afforestation. For image classification, the object-based image analysis technique was adopted using e-cognition software. The maps were verified and updated using high-resolution Google Earth Imagery and GPS-tagged field information from permanent sample plots. The FRL of Nepal contains emissions of 929,325 tCO₂e/year for deforestation, emissions of 408,500 tCO₂e/year for degradation, and removals of -151,077 tCO₂e/year for enhancement (Net annual carbon emission is 1.186 mtCO₂e) - Nepal prepared a sub-national level FRL for the Emission Reductions Program Idea Note (ER-PIN) of the FCPF ER Program in Nepal's TAL area in 2013, considering the period between 1999 and 2011 to estimate the historical average. This FRL was later updated and revised in 2018 in line with the scope of methodologies and carbon pools applied in the National FRL. With the change in the reference period (from the originally proposed) between 2004 and 2014 for FRL of the FCPF ER program – the TAL area included only CO₂ resulting from two carbon pools – above and below ground through three forest activities i.e., Deforestation, Forest Degradation, and Carbon Stock enhancement (from afforestation). Considering the historical average between 2004 and 2014, the FRL determines annual carbon emission from deforestation and forest degradation is 1.04 mtCO₂e and 0.453 tCO₂e respectively, and annual removal is 0.656 tCO₂e (Net annual emission is 0.84 mtCO₂e).	three activities of 5 REDD+ including the emissions from deforestation and forest degradation and removal from afforestation. - The national FRL has considered forest degradation only due to Fuel wood consumption, however, in recent years forest fires have appeared as the major emissions source. - Nepal may need to include the emissions from other carbon pools – deadwood, litter, and SOC.
Available Data Sets	For preparing the National FRL, remote sensing data of Landsat TM for the period 2000–2010 was used to develop activity data (AD) on deforestation and afforestation. For image classification, the object-based image analysis technique was adopted using e-cognition software. Data available from FRA (2010–2014) were used for the calculation of Emission Factor (EF). The maps for AD and EF were verified and updated using high-resolution Google Earth Imagery and GPS-tagged field information from permanent sample plots.	

4.8 National Forest Monitoring System

Nepal has established NFMS but is not well-managed and maintained it with the updated carbon and non-carbon data. Inadequate human resources for NFMS maintenance and MRV have been realized. Nepal should identify resources to establish the national carbon registry systems for emission reduction transactions (Table 19).

Table 19: National Forest Monitoring System

Title	Implementation Status	Gaps/Challenges
Design of a National Forest Monitoring System (NFMS)	- The National Forest Information System and National Forest Database reports were prepared in 2016 to meet one of four designed elements under the UNFCCC (Paragraph 71 Decisions1/CP.16).. The information is available at the website: http://nfis.redd.gov.np/nfis. - FRTC is the mandated government agency to operate and update NFMS and carry out forest resource inventory in Nepal supporting and related to REDD+ for which the government is allocating resources for the purpose. Forest Resource Assessment in the country was carried out from 2010 to 2014 using existing tools and technologies and the result was published in 2015. The National Land Cover Monitoring System was developed by the Forest Research and Training Center (FRTC) for Nepal in 2021. For MRV work, FRTC has prepared a Manual on “data analysis and results generation” and on “Quality Control and Quality Assurance of National Forest Inventory”. Nepal prepared the ER Monitoring Report of the first result-based emission reduction project under the FCPF’s carbon fund and submitted it to the World Bank in September 2023 for their validation and verification. - No national carbon registry system is established probably due to a lack of financial and skilled human resources.	- As discussed above NFMS has not been properly managed with updated carbon and non-carbon data. A lack of skilled human resources is realized to fulfill the international technical requirements for MRV. Nepal will use the World Bank-authorized carbon transaction registry system -CATS for the FCPF ER Program. - Nepal should identify resources for the establishment of a National Carbon Registry System for future result-based initiatives.

4.9 Finance for implementing the strategy

Effective implementation of the NRS can contribute to the implementation of provisions of several policies, legislative instruments, and strategies. Hence, dedicated financial resources to the NRS implementation can enhance both carbon and non-carbon benefits critical to local communities. Carbon outcomes derived from the NRS implementation outside result-based can be accounted for in the national NDC (Table 20).

Table 20: Finance for implementing the strategy

Title	Implementation Status	Gaps/Challenges
Finance for Implementing the Strategy	An additional readiness grant of USD 5 million from the FCPF, the Forests for Prosperity Project from the Forest Investment Program of USD 28.5 million and other programs and projects from the federal and provincial governments are being implemented in the country and the FCPF ER Program Area. The Government of Nepal allocated the REDD IC a total of 74.4 million NRs in the fiscal year 2022/23, 137.5 million NRs in 2021/22, 225.5 million NRs in 2020/21, 298 million NRs in 2019/2020 and 483.1 million NRs in 2018/19.	- Assigning the budget code will be good for determining the extent of the budget dedicated to the NRS implementation. Need regular monitoring of the emission reduction and carbon removal outcomes resulting from NRS implementation outside the result-based ER Program to account for them in the country’s NDC. - Develop capacity for the use of the “Share of Proceeds” from different

		climate funds established at the international level. • Explore the opportunities of the market (Article 6.2 and 6.4 of the Paris Agreement and other RBPs) and non-market approaches under Article 6.8 of the Paris Agreement.
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4.10 Implementation steps of the NRS

Considering the assessment made in the previous sections, interview with REDD IC, literature review, and stakeholder consultations, this section presents the implementation status of the major interventions mentioned in the NRS. The NRS has identified altogether 15 broad interventions and lined up them to be implemented in five years of NRS tenure (2018-2022). Some interventions including approval of the NRS, Development of the M & E framework, and preparation of an implementation plan for the NRS are one-shot interventions planned to be implemented in the first year of the NRS tenure. Some long-term and regular interventions such as the development of sub-national projects, research studies, knowledge generation, awareness raising, capacity building, update and harmonization of policy framework, coordination, collaboration, and communication with donors and stakeholders are designed to be implemented throughout the tenure while the review of the NRS was planned to be executed in the mid and final year of the tenure.

Only a few one-shot type interventions (e.g., approval of the NRS and updating and harmonizing SESA/ESMF with the NRS) are fully achieved (Table 21). However, the majority of long-term interventions are only partially achieved but need continued implementation, follow-up, updates, and operations. Two major interventions such as the development of the M & E framework for the NRS and the implementation plan of the NRS with a detailed action plan and budget were not implemented. These activities were planned to be prepared in the very first year of the NRS to facilitate the implementation of the NRS and associated activities.

The NRS review process has realized the lack of baseline information and a monitoring plan to assess the progress which is particularly due to the absence of a monitoring and evaluation framework of the NRS with specific targets and means of verification (Table 21). Similarly, limited progress in the implementation is mainly associated with a lack of a detailed implementation plan which needs to be developed for the new NRS with the budgets and their sources, specific timelines, and responsible organizations (at the federal, provincial, or community levels). There is also less clarity about the mechanism, tools, and responsibilities for the assessment of the impacts of strategies and actions of NRS particularly in the collective tenure rights, fundamental rights, livelihoods, environment, and social aspects. Similarly, an M&E framework needs to develop in line with the strategies and their actions with expected targets and means of verification to track the implementation status and progress.

Table 21: Implementation steps of the NRS

Title	Actions	Status
Proposed Implementation Steps	Approval of the National REDD+ Strategy document	Achieved
	Development of Monitoring and Evaluation Framework of National REDD+ Strategy	Not Achieved
	Develop an implementation plan of the strategy with a detailed action plan and budget	Not Achieved
	Restructure REDD IC into a National REDD+ Centre	Not Achieved
	Development of benefit sharing plan and financial mechanism	BSP for the FCPF ER Program is developed and BSP for the LEAF Coalition ER Program is under preparation.
	Update and harmonize SESA-ESMF in line with the National REDD+ Strategy	Achieved
	Establish Safeguards Information System	Initiated and the development of SIS and SOI is under process.
	Development of projects at the subnational level	Partly achieved and needs to be continued
	Policy and legal framework update and harmonization	Partly achieved but needs to be continued
	Research, studies, and knowledge generation	Initiated and needs to be continued
	Awareness raising and capacity development on REDD+ of all stakeholders	Initiated but needs to be continued
	Institutional set-up for REDD+ implementation, safeguards, GRM, and provision of HR	Partly Achieved but needs regular updates
	Establishment and management of functional MRV and NFMS, including SIS	Achieved but needs to be updated and maintained
	Coordination, collaboration, and communication with different sectors and stakeholders	Achieved but needs to be continued
	Review and evaluation of the strategy	Not Achieved

5. Key findings

The review found that the first NRS was a milestone document for Nepal's REDD+ implementation that provides a foundational framework for advancing the readiness activities to the result-based payment. Aligning with the strategic guidance of the NRS and policy and legislative provisions, the GoN has been implementing jurisdictional level two ER Program (i.e., FCPF and LEAF ER Program) under the broader REDD+ framework under the UNFCCC.

The GoN has placed the ER program as a priority to expand throughout the country. The federal government has legal rights to the carbon title transfer of the national forests. Nepal has drafted FPIC guidelines enhancing the inclusive ER Program and generating high-integrity emission credits avoiding potential social and environmental safeguard risks.

The GoN has expressed its interest in generating from the forestry sector by identifying the MoFE as the DNA for Article 6.4 of the Paris Agreement. The GoN is preparing the BUR and initial BRT along with associated documents including national GHG inventory, NDC progress, mitigation actions and their effect, and adaptation initiatives to be submitted by the end of 2024. The GoN is also in the process of developing VCM guidelines aiming at regulating and streamlining the forest and non-forestry voluntary carbon ensuring their contribution to the NDC and Long-term Strategy for Net Zero Emission.

The strategies and priority actions outlined in the NRS are diverse in terms of sectors (forestry, non-forestry, and cross-cutting), extent, scope (policy, institutional, or programs), programmatic area (e.g., at the federal level, provincial level, or community levels) and were aligned with the contemporary policies and legislative instruments at the national and international levels. The NRS seeks concerted efforts across the sectors and levels in its effective implementation towards achieving stated objectives. Key findings of implementation status and gaps are as follows.

Implementation status

- Most of the strategies and associated priority actions were found to be implemented and made some levels of achievement. Nevertheless, only limited progress has been made in some overarching activities such as in the improved forest management such as the handover of national forests to local communities, revision or updating FOP of CFs, activating forest fire controlling mechanisms, rehabilitation of degraded lands, and development of a high mountain-specific community-based forest management model supporting carbon and non-carbon benefits.
- There are limited activities undertaken regarding the non-carbon benefits such as biodiversity and water services across the country as well as in the FCPF ER Program area, probably due to a lack of mechanisms and institutions. Biodiversity conservation activities within the PA System are fully implemented. However, as defined, analysis of threats to biodiversity is not executed outside the PA system, and activities addressing threats were not adjusted into the REDD+ activities.
- Activities related to the promotion of private forests and public land forestry are partially implemented in terms of the plantation of mixed and native tree species and simplifying policies to promote private forestry even in the FCPF ER Program. There is a need to recognize the roles of private forests and bring them as part of the ER Program transaction. The promotion of

agroforestry in the public land along the canal, roadside areas, riverbanks, and marginal lands is insufficiently implemented. However, updated data is lacking for these activities.

- There are still contradictory provisions between land use and forestry sector policies. No policy provisions such as subsidies are in place and activities are implemented regarding the economic and market-based incentives to promote optimal land use. Practices of integrating social and environmental safeguards in land use plans can be initiated, however, there is a data gap in how these safeguard measures are implemented in land use planning. Integrated land use plans have been prepared for 44 local governments in the FCPF ER Program area out of a total of 144 local governments and monitoring of the implementation of these plans has not been made. District-level forest encroachment control committees are functional and reclaimed encroached forest lands to some extent.
- The governance of carbon services is vested in the federal government. The Government of Nepal has strived to make legal provisions and mechanisms for equitable benefit sharing and FPIC and other inclusive decision-making to ensure the carbon benefits reach the marginalized households including IPs, women, *Dalits*, *Madhesis*, and forest-dependent poor. The Benefit Sharing Plan for the FCPF ER Program exemplifies this.
- Legal provisions are in place to integrate the traditional knowledge and customary practices of forest management undertaken by IP communities in the FOP of CFs and Silviculture-based Management plans to enhance social safeguards and forest governance needed for REDD+ and similar ER Programs. However, there are no CFUGs incorporated such provisions in the FOPs.
- While there is an increasing trend of registration of forest-based enterprises, there is no progress regarding the formulation of enabling policy provisions such as subsidies and insurance. The World Bank-supported Forests for Prosperity Project (FFPP) aims to facilitate skill-based and vocational training for sustainable forest-based enterprises. Limited progress is made to link the FUGs to the local government leveraging resources for forest-based enterprises thereby increasing income and improving livelihoods of forest-dependent poor.
- Strategies and actions linked to non-forestry sectors such as agriculture and energy were only partially implemented, probably due to inadequate cross-sectoral coordination and cooperation. Inter-ministerial climate change coordination committee is formed at both the federal and provincial levels to strengthen coordination among the sectors and the cross-sectoral collaboration can be enhanced through the coordination between REDD+-specific institutions and these committees.
- Nepal has prepared the NDC and its implementation plan, Third National Communication report, and Long-Term Strategy for Net Zero Emission and submitted them to the UNFCCC secretariat. Progress is made in introducing climate change issues in the school and university curricula. Some capacity-building and awareness-raising activities are implemented by the government and development agencies. Substantial progress has been made in organizing cross-border meetings with China and India, especially to conserve biodiversity and control the illegal trade in wildlife and forest resources.
- Most importantly, institutional arrangements such as NRSC, NRCC, Multi-stakeholder Forum, IPs, and CSO alliance at the federal level and REDD+ desks at the provincial level defined by the NRS are not fully functional with periodic meetings and interactions to generate coordination and cooperation required for the REDD+ implementation. Limited activities were implemented on capacity building and awareness raising among the political persons, media, government authorities, and local communities.
- Safeguard-related actions such as FPIC guidelines have been drafted in a participatory way. SIS/SoI have been established but need to develop monitoring frameworks including other documents and submit them to the UNFCCC secretariat.

- NFMS has been established and FRTC as a designated entity successfully produced a monitoring report of the FCPF ER program. The community-based monitoring system is not well integrated into the MRV process (for the FCPF ER Program) probably due to data incompatibility, however, local communities were included as local resource persons in the carbon measurement process. As expected, the National Carbon Registry System has not been established. Activities related to developing skilled human resources are not implemented.

Gaps and barriers to NRS implementation

The review found several gaps and barriers that collectively constrain the implementation and achieve the expected results. These gaps are related to both institutional and programmatic.

- Inadequate coordination and cooperation among the existing REDD+-related institutional arrangements was reported as one of the major gaps. For example, there is limited coordination between the federal-level NRSC and NRCC with the provincial-level REDD+ desks situated in the Provincial Forest Directorate and Division Forest Office. Inadequate ownership and knowledge about REDD+ and similar result-based carbon initiatives, their process, and requirements among the provincial authorities and local communities is another major challenge to impart REDD+ activities in their jurisdiction. This may be due to the limited involvement of provincial representatives in NRSC meetings, inadequate awareness-raising programs for marginalized communities, and resource constraints. Similarly, there is a lack of coordination mechanism between REDD+-specific institutions (e.g., NRSC and NRCC) and with inter-ministerial Climate Change Coordination Committee at both federal and provincial levels.
- REDD IC has not been transformed into an autonomous entity as mentioned by the NRS. This can reduce institutional authority and scope in harnessing opportunities for carbon transactions.
- The mechanism of coordination and cooperation of the forestry sector with non-forestry sectors is notably weak. This has caused a limited implementation of non-forestry activities including agriculture and energy-related activities as outlined in the NRS.
- A huge backlog of the CFOP revision has been a major challenge for improved forest management in Nepal. There is a slow pace of handing over of national forests to FUGs and limited efforts are made in plantation and agroforestry promotion on the private and public lands which are major forest activities in the NRS. There are insufficient resources dedicated to addressing the drivers of deforestation and forest degradation. For example, integrated land use plans were developed only for 44 local governments out of the 144 in the FCPF ER Program areas.
- Similarly, there are no SFM Standards in place that might serve as the basis for implementing forest management activities contributing to REDD+ at the federal, provincial, local, and community levels. Limited efforts in programs and activities are implemented related to the enhancement and data management and monitoring of non-carbon benefits. While the NRS envisions enhancing non-carbon benefits, there are no systematic data collection and monitoring techniques developed. This could be due to a lack of institutions about the payment for ecosystem services (PES) to incentivize non-carbon ecosystem services (e.g., biodiversity and water quality). Only carbon-related data were included in the national and sub-national (FCPF ER Program) FRL since the ERPA considers only carbon as a payment metric.
- There are limited practices of representing women from different social groups in the executive committee of CFUGs to improve governance including equitable benefit-sharing and sustainable forest management supporting REDD+ activities.
- SIS is established, though less functional mainly due to a lack of detailed monitoring and evaluation framework and implementation plan. Limited understanding of safeguards and FPIC

procedures, especially among the IPs, women, and Dalits appears as a major challenge to enhancing their informed decision-making capacity to engage in REDD+ activities.

- Lack of awareness-raising plan and activities for the capacity building on safeguards and SIS, weakness in the inclusive and effective participation of relevant stakeholders and rightsholders in the federal, provincial, and local level institutional mechanisms and decision-making process, lack of continuation in the capacity building activities due to limited availability of resources for these activities, lack of harmonization of legal provisions, lack of operationalization of BSP due to delays in the RBP and ineffectiveness of GRM mechanisms etc. are some of the key challenges/gaps related to the safeguards elements.
- NFMS is not properly maintained with updated data and information as reported by the expert interviews and observation of the consultant team. A long-standing proposed national carbon registry has not been established yet. The limited technical performance is particularly due to a lack of skilled human resources within the designated authorities.
- There is no monitoring and evaluation framework with specific targets and means of verification to track progress. A detailed implementation was not prepared with specific timelines and responsible organizations. These need to be developed for the new NRS with the tentative budgets and their sources, specific timelines, and responsible organizations (at the federal, provincial, or community levels) to ensure effective implementation and monitoring. Similarly, an M&E framework needs to develop in line with the strategies and their actions with expected targets and means of verification to track the implementation status and progress.

Recommendations and priority areas for the updated NRS

Given the implementation status and gaps and barriers observed, some specific recommendations and suggestions are made as follows.

- Noting the inadequate coordination reported by several consultations and an emphasis of the GoN to expand the ER Program nationwide, there is a strong recommendation to improve coordination and cooperation among the REDD+-related institutions across the sectors and levels to enhance recognition, ownership, and accountability for REDD+ activities.
- Regular interaction and holding of meetings of REDD+ institutional arrangements such as NRSC, NRCC, and CSO and IPs alliances can strengthen coordination and enhance functional cooperation between the REDD IC and FRTC and provincial and local government level REDD+ entity (e.g., REDD Desk).
- As per the provisions of NRSC, ensuring the participation of the Provincial Forest Secretary in the NRSC meeting can be a strategic action to enhance ownership of the REDD+/ER Program among provincial forest authorities,
- Activating provincial and DFO-based REDD Desk is important by allocating sufficient financial resources to accelerate the forest management activities and benefit distribution under the ER Programs (e.g., FCPF and LEAF ER Program),
- Implementation of regular interaction, targeted capacity-building, and awareness-raising activities of the REDD+ process are recommended especially for government authorities (including Provincial forest ministry and DFOs), media, IPs, private sectors, and local communities including women, Dalits, Madhesi, and marginalized communities. Such programs for private forest owners are even crucial to enable them to decide their participation in REDD+ and carbon initiatives.
- The maintenance and continuation of NFMS with updated data of satellite land monitoring system and other providing information on forest cover change (Activity Data) and national forest

inventory providing data of emission factor and capacity building on MRV need to be performed by allocating appropriate skilled human resources.

- Update the SIS portal with necessary safeguard information.
- Facilitate equitable benefit sharing among the beneficiaries (who are generally in the provincial and local communities responsible for forest management) while carbon rights are with the federal governments.
- Identify approaches to engage provincial and local forest groups in the MRV process (especially forest carbon measurement) to enhance ownership and legitimate the process
- The establishment of the National Carbon Registry System is recommended to demonstrate Nepal's accountability and enhance transparency and accuracy in the ongoing and future result-based emission reduction programs.
- Capacity development and awareness-raising of FPIC concerning the ER Program and REDD+ initiatives need to be implemented among the government and local communities regularly to enhance a common understanding of FPIC and the significance of the inclusive ER Program.
- Facilitate resolving the barriers that occurred in SFM – e.g., the backlog of FOP revision/amendment, handover of new forests to the local communities, private and public land plantation, incorporation of traditional knowledge and customary practices in FOP, etc.
- Restructuring REDD IC into an autonomous entity can enhance the scope for carbon transaction opportunities.
- More importantly, formulation of the new NRS is strongly recommended to provide a consolidated framework by integrating the REDD+ provisions and decisions made at the national and international levels and by aligning with policies and legislative instruments that came after the existing NRS (e.g., Provisions of the second revision of Forest Regulation, 2022, Budget speech for FY 2025/2026 of the GoN, etc.). The tenure of the new NRS is suggested for 10 years with the provision of a mid-term review in the 6th year.
- Analysis of drivers of D&D and identification of the barriers to the conservation and enhancement of carbon stock and SFM is essential in the changing socio-economic and political context.
- The new NRS needs to redefine strategies and their priority actions in line with the current dynamics of drivers of D&D and the NRS review findings which should include a detailed implementation plan, budget, sources, responsible entities, coordination arrangement, and a clear monitoring and evaluation framework.
- The new NRS may clarify the approaches to strengthening the functional vertical and horizontal coordination and cooperation among three tiers of government and explore the opportunities to establish links with the Inter-Ministerial Climate Change Coordination Committee.
- The new NRS needs to harmonize with the VCM guidelines to implement the jurisdictional REDD+/ER program, generate ITMOs through Article 6, and regulate them under the broader framework of NDC and long-term strategy for Net Zero Emission,
- Besides, the new NRS needs to explore complementarity to Nepal's Forestry Sector policies and programs, especially the Forestry Sector Strategy (e.g., Draft Integrated Strategic Plan for Sustainable Forests Management) supports broader development of the forestry sector, achieving sustainable development goals, livelihood improvement of forest-dependent communities, biodiversity conservation, and contributing to climate change mitigation through the implementation of the SFM.

6. Conclusion

The existing NRS has been realized as a milestone document in Nepal's REDD+ journey to advance the readiness experiences for result-based payments. The NRS consists of multidimensional strategies and priority actions intended to achieve both carbon and non-carbon benefits.

The implementation status varies across strategies and associated actions. The implementation of most of the priority actions has been initiated and has made some level of achievements. However, some strategies and their actions underperformed collectively due to inadequate coordination and cooperation across the sectors and levels, inadequate skilled human resources, limited knowledge and common understanding of REDD+ among the government authorities and local communities, and limited financial resources.

While most of the strategies and actions have been initiated but not fully implemented, their continued implementation with necessary modification is required to unlock their potential to reduce emissions and enhance carbon removal. This can be done with appropriate measures in bridging the existing gaps in policy and institutional, implementation, and capacity building. Inadequate coordination and cooperation, inadequate capacity-building and awareness activities for enhancing understanding of FPIC and safeguards concerning REDD+ and ER Programs, and lack of human resources to operate NFMS, MRV, and SIS are some of the notable gaps.

Some of the key recommendations include the improvement of coordination and cooperation among the REDD+-related institutions across the sectors and levels through regular interaction, capacity-building, and awareness-raising activities of the REDD+ process especially for government authorities, media, IPs, private sectors, and local communities including women, *Dalits*, Madhesis, and marginalized communities. Likewise, strengthening a common understanding of FPIC and safeguards concerning the REDD+/ER Program is a must among the governments, LCs, and IPs to promote the ER Programs are inclusive, equitable, and pro-communities and IPs.

Maintenance of NFMS and SIS and the establishment of the National Carbon Registry System are recommended to demonstrate Nepal's accountability and enhance transparency and accuracy in the ongoing and future result-based emission reduction programs. Restructuring REDD IC into an autonomous entity can enhance the scope for carbon transaction opportunities. Finally, analysis of D&D drivers and update of NRS by building on the lessons learned and experiences of the existing NRS is strongly recommended to provide a consolidated framework by integrating the REDD+ provisions and decisions made at the national and international levels and by aligning with policies and legislative instruments that came after the existing NRS.

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8. Annexes

Annex 1: List of documents reviewed

- Constitution of Nepal
- The 15th Plan and the 16th Plan
- Nepal's SDG Roadmap (Goals 13 and 15 in particular)
- National Forest Policy 2019
- National Climate Change Policy 2019
- The National Civil (Code) Act 2017
- Forest Act 2019
- National Park and Wildlife Conservation Act 1973
- Environment Protection Act 2019
- Environment Protection Rule 2020
- Forest Regulation 2022
- National Park and Wildlife Conservation Regulations 1974
- The Government of Nepal (Allocation of Business) Rules 2017
- Unbundling/Detailing Report of List of Exclusive and Concurrent Powers of the Federation, the State (Province), and the Local Level Provisioned in Schedule 5, 6, 7, 8, 9 of the Constitution of Nepal
- Provincial Forest Act (Madhesh, Bagmati, Gandaki, Lumbini, and Sudur Pashchim Provinces)
- Forestry Sector Strategy (2016-25)
- National REDD+ Strategy (2018-2022)
- Carbon Fund--related documentation (not limited to the following) Nepal|FCPF:
- Emission Reduction Program Document (ERPD) of the FCPF program
- MRV report from the FCPF ER program
- Benefit sharing related documentation (Benefit Sharing Plan)
- ER Program Monitoring Report, 2023
- Second Nationally Determined Contributions (NDC) 2020
- NDC Implementation Plan (2023-2030)
- Nepal's Long-Term Strategy for Net-Zero Emission 2021
- Decisions of UNFCCC COP meetings and the Paris Agreement since the last NRS issuance (e.g., GRM guidelines for Article 6.4 of the Paris Agreement, Article 6 Rulebook, etc.)
- Commitments made with the key donors and facilities such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF) that may relate to the implementation of REDD+ and other related international and domestic commitments.
- FRTC publications like States of Forests 2015, land cover mapping reports, and other available information related to forest cover changes
- Recent annual reports from FRTC, REDD IC, MoFE, and Provinces
- Challenges and lessons of REDD+ financing and governance-related reports/publications including journal articles
- Safeguard related reports/publications, SOI, SIS indicators, etc.
- Draft National Standard for SFM 2024
- Integrated Strategic Plan for National Forests 2024-2034 (Final Draft)
- Forest Development Fund, Directive 2024 (Draft)

- Free, Prior, and Informed Consent (FPIC) for the REDD+ Implementation 2024 (Draft)
- Strategy and Action Plan: 2015-2025 Terai Arc Landscape, Nepal

Annex 2: List of participants in consultation meetings and workshops

Annex 2.1 Preliminary Consultation with NEFIN & FECOFUN for the NRS Review Process

Date and venue: 31st March 2024

Venue: REDD IC, Babarmahal

SN	Name	Designation	Organization	Signature
NEFIN				
1	Buddha Gharti	Vice-chairperson	NEFIN	
FECOFUN				
2	Birkha Shahi	Senior Vice-chairperson	FECOFUN	
3	Parvata Gautam	General Secretary	FECOFUN	
REDD IC				
4	Nawaraj Pudasaini	Joint-secretary & Chief	REDD IC	
5	Prakash Thapa	Under-Secretary	REDD IC	
Consultant team				
6	Bishwa Nath Oli	Team Leader	Freelancer	
7	Eak Rana	Consultant	FAO Nepal	
8	Mohan Poudel	Coordinator	UN-REDD FAO Nepal	
9	Dil Raj Khanal	Safeguard expert	Freelancer	

Annex 2.2 Consultation workshop with development partners on NRS review

Date: 16th April 2024

Venue: REDD IC, Babarmahal

SN	Name	Designation	Organization	Contact Number	Signature
1.	Rabindra Maharjan	Joint-secretary, DDG	FRTC		
2.	Prakash Thapa	Under-secretary	REDD IC	9849010358	
3.	Prakash Nepal	Under-secretary	REDD IC	9841704694	
4.	Shanta Kaphle		REDD IC		
5.	Sabita Rijal		REDD IC		
6.	Prabha Bhattarai		REDD IC	9851171656	
7.	Sajana Maharjan	Remote Sensing Analyst	ICIMOD	9851195854	
8.	Dev Raj Gautam	Senior Policy and Institutional Expert	JICA	9851128079	
9.	Jiwan Paudel	Forestry Expert	IUCN Nepal	9856047459	
10.	Ugan Manandhar	Climate & Environmental Adv.	British Embassy	9841380805	
11.	Pradeep Budhathoky	Deputy Director	RECOFTC	9851172480	
12.	Sudha Khadka	Country Director	RECOFTC		
13.	Manish Basnet	NRM Specialist	World Bank	9841587988	
14.	Santosh M. Nepal	Consultant	World Bank		
15.	Syed Mchdi Regi	Head Officer	GIZ		
16.	Kyalima Khanal	Program Assistant	FAO Nepal		
17.	Arun Poudyal	SA-GIS specialist (MRV)	FAO	9841315628	
18.	Sunjeep Pun	Senior Program Officer	ZSL	9847275087	
19.	Yadav Pd.Kandel	Consultant	FFPP	9841342247	
20.	Madan Pariyar	Senior MRV specialist	FFPP, PMU	9841580944	
21.	Sushila Nepali	Safeguard Expert	FFPP, PMU	9851065265	
22.	Bishnu K. Adhikari		REDD IC		
23.	Tara Prasad Pun			9851272355	
24.	Ranita Rai				
25.	Shiba Khadka				
26.	Yashoda Bhattarai				
27.	Suraj Sah	Intern	REDD IC	9864836513	
28.	Mohan Paudel	Coordinator	UN-REDD	9802330589	
29.	Bishwa Nath Oli	Team Leader	Freelancer		

30.	Eak Rana	REDD+ Expert	Freelancer	9869497394	
31.	Dil Raj Khanal	Safeguard Expert	Freelancer	9851258370	
32.	Gopal Kafle	Workshop Facilitator	UNEP		

Annex 2.3 Cluster-level Consultation Workshop on the Review of National REDD+ Strategy

Date: 21st April 2024

Venue: Ratnanagar, Chitwan

S.N	Name	Organization & designation	Contact number	Signature
Government agencies				
1.	Bidyanath Jha	Forest Director, Bagmati Province	9855018456	
2.	Sanjeev Subedi	Forest Ministry, Bagmati Province	9855088438	
3.	Gobinda Aryal	Forest Directorate, Bagmati	9845568769	
4.	Balkrishna Khanal	DFO, Rapti (Makwanpur)	9855065155	
5.	Sanjog Basnet	DFO Chitwan	9864059221	
6.	Basanta Kesab Adhikari	DFO, Nawalpur	9856031850	
7.	Sunil Kumar Karna	DFO, Parsa	9854080729	
8.	Binod Singh	DFO, Bara	9855029100	
9.	Bimal Kumar Thakur	DFO, Rautahat	9854078519	
10.	Theer Bahadur Karki	DFO, Chitwan	9845107330	
11.	Dil Bahadur Purja Pun	Chief Warden, Chitwan NP	9855054234	
12.	Ramchandra Khatriwada	Chief Warden, Parsa NP	9858440066	
13.	Shyam Lopchan	Chure Program - Bharatpur	9855016979	
14.	Biswas Shrestha	Ratnanagar Municipality	9845140124	
15.	Mohan Paudel	UN-REDD, Coordinator	9802330589	
Indigenous Peoples (NEFIN and NIWF)				
16.	Ram Kumar Shrestha	NEFIN (Chair) -Nawalpur	9847170411	
17.	Ramdas Dhaju	NEFIN - Bara	9845057145	
18.	Som Lama	NEFIN - Parsa	9845729229	
19.	Mahendra Dura	NEFIN- Chitwan	9855052966	
20.	Janga Bahadur Gurung	NEFIN - Makwanpur	9845057024	
21.	Narendra Bahadur Rana	NEFIN- Rautahat	9845096685	
22.	Dil Kumari Lama	NEFIN Bagmati Province	9851266707	
Local Communities (FECOFUN/ACOFUN, Dalit and women organizations)				
23.	Kamal Prasad Magar	FECOFUN (Vice-chair) Nawalpur	9847773802	
24.	Ramji Prasad Bajgai	FECOFUN Chair – Bara	9845097061	
25.	Bishnu Kumari Sapkota	FECOFUN Chair - Chitwan	9845145133	
26.	Krishna Prasad Bagale	FECOFUN - Chitwan	9855062290	
27.	Sadhuram Chaulagai	FECOFUN Chair - Makwanpur	9855071336	
28.	Bedhari Dahal	FECOFUN- Rautahat	9845386305	
29.	Yekbali Yadav	FECOFUN – Parsa	9855026875	
30.	Ganesh Prasad Shaha	ACOFUN Madesh	9855029984	
31.	Ashok Prasad Yadav	ACOFUN, Bara	9855042990	
32.	Lakhan Lal Shah Kanu	ACOFUN, Parsa	9845058603	

33.	Man Bahadur Sangbe	Buffer Zone Council, Chitwan NP	9855058846	
34.	Sitaram Aryal	Buffer Zone Council, Parsa NP	9845123192	
35.	Gopal Biswokarma	Dalit Activist	9845340644	
Consultant team				
36.	Bishwa Nath Oli	Team Leader	9841217761	
37.	Eak Rana	National REDD+ Expert	9869497394	
38.	Dil Raj Khanal	Environmental and Social Safeguard Expert	9851258370	
39.	Gopal Kafle	Workshop Facilitator	9852050228	

Annex 2.4 Cluster-level Consultation Workshop on the Review of National REDD+ Strategy

Date: 23rd April 2024

Venue: Bhaluwang, Dang

SN	Name	Organization & designation	Contact number	Signature
Government agencies				
40.	Mohan Raj Kaphle	Secretary, Forest Ministry, Lumbini Province	9857075666	
41.	Dadhi Lal Kadel	Forest Directorate, Lumbini	9857017410	
42.	Yagyamurti Khanal	Forest Directorate, Lumbini	9857759970	
43.	Prakash Nepal	REDD IC	9841704694	
44.	Mohan Prasad Poudel	UN-REDD		
45.	Prabhat Sapkota	DFO, Rupendehi	9857015109	
46.	Mohan Shrestha	DFO, Dang	9857832514	
47.	Raju Chettri	DFO, Dang (Deukhuri)	9851181536	
48.	Dhanishowr Neupane	Forest Ministry, Dang	9857057126	
49.	Besendra Raj Subedi	DFO, Buddha Shanti, Kapilvastu	9857087699	
50.	Khil Bahadur Tamang	DFO, Kapilvastu	9851149380	
51.	Rabindra Chaudhari	DFO, Nawalparasi	9857045636	
52.	Bipin Bhusal	Rapti Municipality, Dang	9866825166	
53.	Damodar Sharma	FFPP, Butwal	9851177066	
Indigenous Peoples (NEFIN and NIWF)				
54.	Lem Bahadur Gurung	NEFIN - Kapilvastu	9847276639	
55.	Tara Rana	NEFIN- Nawalparasi	9749794054	
56.	Laxman Prasad Chaudhary	NEFIN - Dang	9857851666	
57.	Hima Kusunda	NIWF, centre	9849439270	
Local Communities (FECOFUN/ACOFUN, Dalit and women organizations)				
58.	Humnath Bhattarai	FECOFUN - Lumbini	9847082583	
59.	Hari Prasad Bhusal	FECOFUN - Dang	9857840385	

60.	Nirmala Rokka	FECOFUN Rapti, Dang	9847847622	
61.	Shyamkala Acharya	FECOFUN- Rupendehi	9857039136	
62.	Sarada Pokhrel	FECOFUN- Nawalparasi	9867384505	
63.	Jya Lal Giri	FECOFUN- Kapilbastu	9857050270	
64.	Ova Pathak	Himawanti -Dang	9847893670	
65.	Sashi Ram Nepali	Dalit movement, Dang	9857840388	
Consultant team				
66.	Bishwa Nath Oli	Team Leader	9841217761	
67.	Eak Rana	National REDD+ Expert	9869497394	
68.	Dil Raj Khanal	Environmental and Social Safeguard Expert	9851258370	
69.	Gopal Kafle	Workshop Facilitator	9852050228	

Annex 2.5 Cluster-level Consultation Workshop on the Review of National REDD+ Strategy

Date: 25th April 2024

Venue: Chisapani, Kailali

SN	Name	Organization & designation	Contact number	Signature
Government agencies				
1.	Jibnath Paudel	Secretary, MOITFE, Dhangadhi	9856050557	
2.	Prakash Nepal	REDD IC	9841704694	
3.	Dipendra K.C.	MOITFE, Sudharpachhim	9846590670	
4.	Bhakta Raj Giri	Forest Directorate, Dhangadhi	9849572282	
5.	Ramchandra Kadel	DFO, Kailali	9858488277	
6.	Ram Bichari Thakur	DFO, Pahalmanpur	9841555567	
7.	Prabin Bidari	DFO, Bardiya	9845022799	
8.	Hari Narayan Yadav	DFO, Kanchanpur	9843200267	
9.	Bhim Kanta Tharu	Forest Guard	9848034539	
70.	Ashok Ram	Chief Warden, Bardiya NP	9852054105	
71.	Manoj Kumar shah	Chief Warden, Banke NP	9851164432	
72.	Pramod Bhattarai	Chief Warden, Shuklaphata NP	9840190011	
73.	Balkrishna Bastakoti	Shuklaphata NP	9742379400	
74.	Khadka Bahadur Rawal	Mayor, Ghodaghadi Municipality	9868655293	
75.	Ghanshyam Ojha	Ghodaghadi Municipality	9848423968	
76.	Khagendra Bahadur Sing	Ghodaghadi Municipality	9851189811	

SN	Name	Organization & designation	Contact number	Signature
Indigenous Peoples (NEFIN and NIWF)				
77.	Purna Bahadur Pun	NEFIN, District Coordination Committee, Banke	984825572	
78.	Shakti Prasad Shris Magar	NEFIN, District Coordination Committee, Kailali	9812648254	
79.	Bikash Shrestha	NEFIN - Kanchanpur	9848741023	
80.	Indramaya Tamang	NIWF – Sudurpashchim	9848450309	
81.	Basmati Raji	NIWF	9848663055	
Local Communities (FECOFUN, ACOFUN, Dalit, and women's organizations)				
82.	Tek Bahadur Thapa	FECOFUN, SudurPashhim	9848426857	
83.	Karna Rawal	FECOFUN, Kailali	9851187590	
84.	Rajuram Sarki	FECOFUN, Kanchanpur	9848833412	
85.	Sabitra Pun	FECOFUN, Banke	9858043911	
86.	Ram Bahadur Bahndari	FECOFUN, Banke	9843288215	
87.	Gopal Chaudhari	FECOFUN, Bardiya	9868960167	
88.	Bhumiraj Lamichhane	FECOFUN, Bardiya	9848036859	
89.	Gobinda Bahadur Rawal	Association of Scientific Forest Management	9848682037	
90.	Krishna K.C.	Association of Scientific Forest Management	9844842100	
91.	Lal Sing Bishokarma	Association of Scientific Forest Management	9848854149	
92.	Top Bahadur Khadka	Association of Scientific Forest Management	9866725973	
93.	Ganga Ram Pathak	Association of Scientific Forest Management	9848090560	
94.	Subita Chalaune	Association of Scientific Forest Management	9848807031	
95.	Puskal Bahadur Bam	Scientific Forest/Basanta Forest Conservation Area	9858426126	
96.	Tika Datta Oli	Scientific Forest/NEFUG	9858488671	
97.	Yadav Prasad Bhandari	ACOFUN, Secretary	9858425960	
98.	Lawa Bahadur Bista	Chairperson, Buffer Zone Council, Suklaphanta National Park	9806420089	
Consultant team				
99.	Bishwa Nath Oli	Team Leader	9841217761	

SN	Name	Organization & designation	Contact number	Signature
100.	Eak Rana	National REDD+ Expert	9869497394	
101.	Dil Raj Khanal	Environmental and Social Safeguard Expert	9851258370	
102.	Gopal Kafle	Workshop Facilitator	9852050228	

Annex 2.6 Consultation with Forest Research and Training Centre (FRTC)

Date: 12 May 2024

Venue: FRTC, meeting Hall, Babarmahal

SN	Name	Organization & designation	Contact number	Signature
1.	Rabindra Maharjan	DDG, Forest Research and Training Centre (FRTC)		
2.	Bimal Acharya	Senior Survey Officer, FRTC	9847393052	
3.	Raj Kumar Giri	Senior Forest Inventory Officer, FRTC	9847391756	
4.	Thakur Subedi	Senior Research Officer, FRTC		
5.	Kiran Pokharel	Scientific Officer, FRTC		
6.	Bishnu Pd Dhakal	Research Officer		
7.	Amul Kumar Acharya	Research Officer, FRTC		
8.	Bishal Humagain	Research Officer, FRTC		

Annex 2.7 Consultation with IPOs including NEFIN and NIWF

Date: 19 May 2024

Venue: Sinamangal, Kathmandu, NEFIN Office

SN	Name	Organization & Designation	Contact Number	Signature
1	Buddha Gharti	Senior VCP, NEFIN		
2	Shruti Kumal	Vice CP, NEFIN		
3	Diwas Rai	General Secretary, NEFIN		
4	Bimal Saru Magar	Treasurer, NEFIN		
5	Kalpana Bhattachan	Vice CP, NIWF		
6	Khadga Saru Magar	CP, Nepal Indigenous Disabled Association NIDA		
7	Pradip Kumar Shrestha	Nepal Indigenous Disabled Association (NIDA)		
8	Govinda Lama Hyolmo	Secretary, NEFIN		
9	Purkha Jit Rai	Federation of Indigenous Nationalities (FINFI)		
10	Sain Sunuwar	FINFI		
11	Aadesh Rai	FINFI		
12	Aakash Rai	FINFI		

13	Amip Rai	FINFI		
14	Pukar Mani Rai	FINFI		
15	Nabin Subba	FINFI, NEFIN		

Annex 2.8 Consultation with the Federation of Forest-based Industry and Trade, Nepal (FenFIT)

Date: 21 May 2024

Venue: FenFIT office, Koteshwor, Kathmandu

SN	Name	Organization & designation	Contact number	Signature
1.	Madhav Mani Homagain	General Secretary, FenFIT		
2.	Hom Prasad Ghimire	CP, Association of Nepal Plywood Producers		
3.	Rojita Osti	Vice Chairperson, FenFIT		
4.	Om Bahadur Basnet	SVCP, Association of Nepal Furniture and Furnishing		
5.	Kali Man Khatri	Treasurer, FenFIT		
6.	Raj Kumar Shrestha	FenFIT, Kathmandu Valley		
7.	Raj Kumar Malla	First VC, FenFIT		

Annex 2.9 Consultation with the Federation Community Forest Users' Nepal (FECOFUN)

Date: 27 May 2024

Venue: FECOFUN office, Duwakot, Bhaktapur

SN	Name	Organization & Designation	Contact Number	Signature
1.	Thakur Bhandari	Chairperson, FECOFUN	9841516209	
2.	Birkha Bahadur Shahi	Senior Vice Chairperson, FECOFUN	9851124216	
3.	Parbata Gautam	General Secretary, FECOFUN	9852057118	
4.	Dilli Giri	Secretary, FECOFUN	9858021045	
5.	Shanta Neupane	Treasurer, FECOFUN	9841715456	
6.	Sandesh Chaudhary	Admin and IT Coordinator, FECOFUN	9844911644	
7.	Kiran Rajbansi	Communication and Coordination Officer, FECOFUN	9847630716	
8.	Janak Acharya	Program Officer, FECOFUN	9849057001	
9.	Gayatri Poudel	Documentation Officer, FECOFUN	9866824617	
10.	Anu Sharma	FECOFUN	9868395326	
11.	Anju Neupane	FECOFUN	9845057678	
12.	Ayodhya Kafle	FECOFUN	9849977977	
13.	Ganga Bista	GESI Officer, FECOFUN	9860773703	
14.	Sita Aryal	FECOFUN	9851154987	
15.	Arjun Chapagain	FECOFUN	9841579004	

16.	Sujan Khanal	FECOFUN	9847108284	
17.	Shrijana Sharma	FECOFUN		
18.	Omi Gurung	FECOFUN		
19.	Anish Tamang	FECOFUN		
20.	Sanjib Waiba	FECOFUN		

Annex 2.10 Consultation with the Civil Society Organizations (CSOs- AFFON, ACOFUN, HIMAWANTI, RDN, DANAR, Association of LFUG and BZCFUG, and COFSUN)

Date: 29 May 2024

Venue: SAF FALCHA, Kathmandu

SN	Name	Organization & designation	Contact number	Signature
1.	Gajadhar Sunar	Advisor, Dalit NGO Federation	9851084719	
2.	Aarati Shrestha	Vice Chairperson, HIMAWANTI	9841855380	
3.	Pramila Shrestha	FAO (FFF) Program Coordinator, HIMAWANTI	9844006490	
4.	Sushila Khatiwada	Vice Chairperson, AFFON	9841858297	
5.	Shyam Sunar	Vice Chairperson, RDN	9843745080	
6.	Chhidum Bhot	Vice Chairperson, COFSUN	9852051990	

Annex 2.11 Consultation with Government Authorities (MoFE), Nepal Foresters' Association, NeFTA, NTNC, and President-Chure Board

SN	Name	Organization & designation	Contact number	Signature
1.	Govinda Prasad Sharma	Secretary, MoFE		
2.	Kiran Poudel	Chairperson of the board of President Churia-Terai Madhesh Conservation Area Program		
3.	Badri Raj Dhungana	Chief, Planning and Monitoring Division, MoFE		
4.	Sindhu Dhungana	DG, DNPWC, and former REDD IC Chief		
5.	Bhupal Baral	DG, Department of Environment		
6.	Shiva Wagle	DG, DoFSC		
7.	Krishna Chandra Poudel	Former Secretary MoFE, and former chief REDD IC		

SN	Name	Organization & designation	Contact number	Signature
8.	Rabindra Maharjan	DDG, FRTC		
9.	Jiba Nath Poudel	Chief (Joint Secretary), MoFE		
10.	Nabaraj Pudasaini	Chief, REDD IC		
11.	Amrit Sharma	Section Officer		
12.	Yadab Kandel	Expert		
13.	Rishi Ram Tripathi	Former Chief REDD IC		
14.	Pradip Koirala	Joint Secretary (Admin), MoFE		
15.	Man Bahadur Khadka	Chief Ban Nigam, former REDD IC Chief		
16.	JC Baral	Former REDD IC Chief		
17.	Prakash Lamsal	Former REDD IC Chief		
18.	Rajendra Kafle	Former REDD IC Chief		
19.	Rakesh Karna	Chairperson, NFA		
20.	Raj Kumar Malla	President Churia-Terai Madhesh Conservation Area Program		
21.	Khila Nath Dahal	Undersecretary (Admin), MoFE		
22.	Shambhu Pd	MoFE		
23.	Raj Kumar Giri	Survey Officer, FRTC		
24.	Bimal Acharya	FRTC		
25.	Prakash Nepal	Under Secretary, REDD IC		
26.	Ambika Khatiwada	NTNC		
27.	Govinda Raj Pandey	NeFTA, Forest Technicians' Association of Nepal.		
28.	Pramod Simkhada	Undersecretary, MoFE		
29.	Rajdev Yadav	Forest Product Development Board, Nepal		
30.	Shambhu Tiwari	DFO, Bajhang		
31.	Pasupati Koirala	FFPP		
32.	Prabha Bhattarai	Accountant, REDD IC		
33.	Shanta Kafle	Forest Officer, REDD IC		
34.	Prakash Thapa	Undersecretary, REDD IC		

SN	Name	Organization & designation	Contact number	Signature
35.	Tara Pun	REDD IC		
36.	Bishnu Kumari Adhikary	REDD IC		

Annex 2.12 Experts Interview

SN	Name	Organization & designation	Date of interaction and venue	Contact number
1	Dr. Deepak K Kharal	Secretary Ministry of Agriculture and Livestock Development and former REDD IC Chief	29 May 2024	
2	Dr. Sindhu P Dhungana	Former REDD IC, Chief, and DG of DNPWC	10 April 2024 at the DNPWC Office	
3	Dr. Buddi Poudel	Former REDD IC Chief, and Chief of Climate Change Management Division (CCMD), MoFE	15 April 2024 at Indreni, Baneshowr Kathmandu,	
4	Rabindra Maharjan	DDG, FRTC	12 May 2024, FRTC Office	
5	Raj Kumar Giri	Senior Forest Inventory Officer, FRTC	12 May 2024, FRTC Office	
6	Bimal Kumar Acharya	Senior Survey Officer, FRTC	12 May 2024, FRTC Office	
7	Amul Acharya	Research Officer, FRTC	12 May 2024, FRTC Office	
8	Dr. Sushila Nepali	GESI expert	31 May 2024	

Annex 3: Schedule of Cluster Level Consultation Workshop

Time	Activity	Responsibility
8:30-9:00	Registration and Breakfast	All
9:00-9:15	Setting the Scene	Gopal Kafle
9:15-9:30	Welcome and Objectives of the Workshop	Nawaraj Pudasaini/Prakash Nepal, REDD IC
9:30-11:00	Presentation on Existing National REDD+ Strategy	Bishwa Nath Oli, Team Leader
11:00-11:15	Tea Break	

11:15-13:00	Group Discussion and Presentation	Bishwa Nath Oli, Eak Rana, Dil Raj Khanal, Mohan Poudel, Gopal Kafle
13:00-13:30	Closing Remarks	Nawaraj Pudasaini/Prakash Nepal, REDD IC
13:30-14:30	Lunch	
14:30-16:00	Reflection/compilation of feedback received from participants/stakeholders	Bishwa Nath Oli, Eak Rana, Dil Raj Khanal, Mohan Poudel, Gopal Kafle

Annex 4: Checklist for the federal-level stakeholder consultation

Annex 4.1 Checklist for stakeholder consultation - with federal FECOFUN and NEFIN/NIWF (Civil society organizations who are real Carbon Beneficiaries)

A **key objective** is to understand the stakeholder's and rightsholders' perspectives on the effectiveness, barriers, and gaps of Nepal's first National REDD+ Strategy (2019-2022) towards the implementation of forest-based carbon initiatives (FCPF ER Program as a case) in Nepal.

Key points for the discussion

- Your understanding of Nepal's first National REDD+ Strategy (2018-2022) formulation process, implementation, etc.
- What are your views about the strategies and actions indicated in NRS that are aligned (integrated) and implemented on the ground (FCPF ER Program) or other REDD+-like carbon emission reduction initiatives?
- Your concerns in the existing NRS (Content as well as in implementation) (Barriers, enablers, and gaps or missing links in NRS).
- What aspects do you suggest to focus on for reviewing the NRS (e.g., D and D, institutional arrangement and inclusion of stakeholders, safeguards and land tenure, benefit sharing)?

Annex 4.2 Checklist for stakeholder consultation with development partners (e.g. World Bank, USAID, DAI, GIZ, DFID, JICA, ICIMOD, WWF, IUCN, HELVETAS, NTNC, ANSAB, Forest Action, CIPRED, RECOFTC, and others)

A **key objective** is to understand the perspective of the development partners in Nepal about the effectiveness of Nepal's first National REDD+ Strategy (2018-2022) towards designing and implementing forest-based carbon emission reduction initiatives in Nepal.

- Key points for the discussion
- Knowledge about the NRS (2018-2022)
- Organizational internalization and alignment of NRS in designing and implementing the emission reduction initiatives led by your organization.
- Key barriers, enablers, and gaps you observed in aligning and implementing the NRS in your emission reduction initiatives.
- **Priority areas** for the **REVIEW and INTEGRATION** in the new NRS making it compatible (enhancing contribution) with the evolving priority areas of international climate change agreements.

Annex 4.3 Checklist for stakeholder consultation with key government officials (*e.g., CCMD, former REDD IC Chiefs, Departments under the MoFE*)

- Key barriers, enablers, and gaps in implementing the NRS (in FCPF ER Program, inter alia, other carbon emission reduction initiatives).
- Key gaps in the existing NRS to Nepal's international commitments (i.e., NDC 2020, and Long Term Strategy for Net Zero Emission, 2021).
- Coherence of NRS (institutional arrangements and roles) with Nepal's forestry sector policy and legislative arrangements (e.g., Climate Change Policy, 2019, Federal Forest Act, 2019 and its Regulation, 2022), inter-agency coordination (REDD IC, FRTC, and Forest Development Fund).
- **Priority areas** for the **REVIEW and INTEGRATION** in the new NRS making it compatible (enhancing contribution) with the evolving priority areas of national legislative arrangements and provisions and international climate change agreements.

Annex 4.4 Checklist for the provincial and local level stakeholders consultation

Annex 4.4.1 Checklist for provincial and local level stakeholder consultation

A **key objective** is to understand the perspective of the Provincial and Local Level stakeholders about their knowledge and understanding of Nepal's first National REDD+ Strategy (2018-2022), their observations and experiences towards barriers, gaps, and opportunities of aligning and implementing the STRATEGIES and ACTIONS of the NRS in their (provincial and local level) PLANS and PROGRAMS thereby contributing forest-based carbon emission reduction initiatives (*FCPF ER program as a case*).

Key points for the discussion

- Knowledge and understanding of the NRS (2018-2022)
- How do provincial and local governments include the strategies and actions of NRS (2018-2022) in their policy, plans, and programs?
- Key barriers, enablers, and gaps you observed/experienced in integrating/aligning and implementing the NRS in provincial and local level government – policy, programs, and plan.
- **Priority areas** for the **REVIEW and INTEGRATION** in the new NRS making it compatible with Provincial and Local Government policies, priorities, and scope.

Annex 4.4.2 Checklist for representatives of community and collaborative forest users

- Knowledge and understanding of the NRS (2018-2022) among Forest User Groups
- How did the forest groups include and implement the strategies and actions of NRS (2018-2022) in their Forest Operational Plan?
- Key barriers, enablers, and gaps you experienced in integrating and implementing the STRATEGIES and ACTIONS of the NRS at the forest users groups.
- Priority strategies and actions to be included in the new NRS.

Annex 5: Feedback from consultation workshops

5.1 Feedback received from cluster level consultation workshops

This section provides common feedback and input on three key areas of NRS review – implementation status, implementation gaps and barriers, and priority areas for new NRS, expressed by the participants of three field-level REDD+-related stakeholder consultations organized in Chitwan, Dang, and Kailali representing the government officials, CSOs network, and IPs organizations. The feedback and input are characterized by the participants' observations, experiences, and insights regarding implementation situations, their barriers, and suggestions for the new NRS.

- Some feedback and input on strategies and actions vary across the group of participants probably due to their different organizational scope, mandates, contributions, understanding, roles, interests, and agenda in forest management,
- However, the same group of participants in three consultations generally have a similar observation and experiences. For example, government organizations including DFOs of three consultations have similar input and feedback as do IP organizations and FECOFUN and CSOs including women groups and Dalit communities,
- Participants from IP organizations mostly have an identity and process-based feedback and expressed their concerns regarding inclusion and effective participation in the decision-making process, safeguarding collective tenure rights and equitable benefit sharing at the implementation level,
- Implementation status varies across strategies and associated actions indicating that some actions of some strategies have been fully implemented and some are not at all.
- Participants from government agencies, IP organizations, and CSOs have commonly expressed concern about mainstreaming the NRS strategies and actions into the plan and program of provincial and local government as well as the operation plans of FUGs,
- Inadequate awareness-raising activities and insufficient resources for capacity building dedicated to NRS and FCPF ER Program targeting the relevant stakeholders including government organizations (e.g., DFOs, Local Government), and CSOs (e.g., FECOFUN, NEFIN, ACOFUN, women groups, Dalits, etc.) are common barriers and gaps. This could not generate sensitization and ownership among the governments, CSOs, and IP organizations toward enhancing collective efforts and responsibilities of achieving emission reduction and carbon removal targets set by the FCPF ER Program,
- Some priority areas are common to all strategies and actions such as the strengthening coordination between the federal and provincial REDD+ institutional setup, allocation of budget for strengthening the provincial and district level REDD+-related institutional set-up such as REDD+ desk, developing an enabling environment, capacity building, and strengthening the coordination between stakeholders.
- The below Table provides the strategy-wise consolidated summary of observations and experiences expressed by the participants of three consultations on three key areas of review of the NRS 2018-2022.

Strategies	Implementation status	Key implementation barriers and gaps	Suggestions and key priority areas for new NRS
1. Reduce carbon emissions, enhance forest carbon stock, and improve the supply of forest products (7 actions)	- Action 1.1 is fully implemented while actions 1.2, 1.5, 1.6, and 1.7 are partially implemented. Sustainable forest management guidelines and standards are developed but not consistently adopted by all FUGs. - The inclusion of carbon accounting provisions in FUG's FOP is not in practice. Land rehabilitation approaches such as natural regeneration, and plantation are not consistently implemented, however, forest encroachment is controlled. - Lack of equitable forest product distribution considering IPs and marginalized households.	- Inadequate orientation of SFM guidelines and standards. - High royalty for forest products. - Some FUGs are passive due to the backlog of FOP revision and inadequate technical support, - Lack of mandatory provision of carbon measurement during the FOP preparation and revision.	- Continue to handover of national forests to local communities, - Provide financial and technical support renewing CFUG's FOP thereby reviving the SFM and other forest management activities, - Emphasize the forest certification of SFM and provide regular financial and technical support to FUGs to adopt Sustainable Forest Management, - Mandatory provision to incorporate carbon accounting in the FUGs' Operational Plan linking sub-national and national carbon initiatives, - Revise the royalty rate and simplify the administration process of selling forest products, - Encourage native species plantation and associated traditional knowledge of IPs, - Support for the establishment and operation of a fire alert system and fire brigade, - Need to develop a specific provision of PES other than carbon.
2. Increase non-carbon benefits of forest ecosystem (5 actions)	- Action 2.1 is implemented, 2.2 and 2.3 are partially implemented, and actions 2.4 and 2.5 are not implemented. - Eco-tourism activities are gradually increasing in and around Protected areas and many FUGs.	- Biodiversity accounting and documentation in FUGs is not practiced due to common guidelines. - Lack of guidelines and provision of Payment of Ecosystem Services other than carbon, however, some of the informal practices are established to supply water resources from community forests	- Need to apply threats and risk-based biodiversity conservation for the conservation and right-based approach for sustainable utilization. - Carry out climate vulnerability and risk analysis at the local government and FUG/customary institution level (VRA is up to the

Strategies	Implementation status	Key implementation barriers and gaps	Suggestions and key priority areas for new NRS
		based on the contract between FUG and local governments/water user associations. • Lack of coordination between local governments and other stakeholders during climate action planning,	district level) to design and implement FUG/customary institution-level climate vulnerability analysis and design climate action accordingly.
3. Promote private and public land forestry (3 actions)	• Actions under the strategies are partially implemented.	• Legal barriers in the registration of private forests and harvesting forest products in Buffer Zone areas, • Legal uncertainty in accessing benefits after plantation and conservation of forests on public land.	• Sentsitize the importance and environmental and economic significance of agroforestry, • Simplify the administration process of forest product registration and harvesting of forest products especially within the BZ areas, • Provide financial and technical support to agroforestry promoters. •
4. Promote optimum land use across all the physiographic regions (5 actions)	• Only a few activities were partially implemented. • FUGs in some of the districts are being able to control illegal enrichment. •	• In some districts, lack of political commitment including the district administration office particularly for action 5 (encroachment control and monitoring)	• Apply land categorization provision stipulated in the Federal Forest Act, 2076, • Develop a common understanding of stakeholders about the land use planning, • Enhance political commitment and harmonize the land law and forest laws.
5. Improve forest tenure, ensure carbon rights and fair and equitable benefit sharing among right holders, women, IPs, Madhesis, Dalits, and Forest-dependent local	• Some CFUGs allocated their resources to marginalized households, • Safeguards provisions are mentioned in the policy, laws, and carbon initiatives (e.g., Federal Forest Regulation, 2079 article 46 and annex 24 stipulates to incorporate traditional knowledge and customary practices during the development	• Lack of awareness of safeguard provisions (e.g., Forest regulation provision) even among DFOs, marginalized households including women, IPs, and Dalits of the benefit-sharing provisions, • Lack of the implementation of safeguard provisions among IPs and	• Educate and orient FPIC provision in forest management, • Ensure the effective implementation of safeguards provision in forest management with the engagement of IPs and other affected communities, • Maintain inclusiveness in the institution and decision-making of the forest sector

Strategies	Implementation status	Key implementation barriers and gaps	Suggestions and key priority areas for new NRS
communities (5 actions)	and renewal of Forest Operation Plan), • The provision of carbon rights of IPs and FUGs in policies and laws, • IP communities have managed some forests and a large number of native species with traditional knowledge and customary practices, • Despite the legal provision, FPIC provisions are not in practice.	marginalized communities and households, • Lack of respectful and meaningful representation of IPs in decision-making bodies and processes,	including the FUG executive committee, REDD+-related decision-making bodies, and carbon benefit sharing, • Ensure equitable benefits sharing to IPs and other forest-dependent poor peoples, • Ensure the meaningful participation of IPs to utilize traditional knowledge and forest-based customary practices of IPs.
6. Enhance the role of the private sector in forestry to promote forest-based enterprises for livelihood and economic development (6 actions)	• Most of the actions are partially implemented. • Some activities under the Forests for Prosperity projects are relevant to some actions under this strategy	• Inadequate financial and technical support and investment in forest-based enterprises, • Lack of marginalized households -Dalits, IPs, and women-owned enterprises investment, • Inadequate support to marginalized households, Dalits, women, and IPs to promote skill enhancement and vocational training, • Inadequate coordination between forestry organizations with the local governments,	• Ensure provision of concessional/soft loans for forest-based enterprises targeting marginalized households including women, IPs, Dalits, Madhesi, etc, • Enhance coordination with FUGs and Local Government to generate matching funds for forest-based enterprises,
7. Increase agricultural productivity of forest-dependent and other smallholders (5 actions)	• Few actions are partially implemented. • Water source conservation is the byproduct of forest conservation, stall feeding, and fodder management are done by some CFUGs.	• Some actions such as conserving and increasing water sources and efficient water management are not prioritized activities of FUGs, • Inadequate understanding of the linkage between forests and agriculture productivity,	• Enhance forest-agriculture linkage among the forest users, •
8. Increase access to sustainable, affordable, and reliable alternative	• Some FUGs provide alternative energy schemes – improved cooking stoves, electric cooking stoves, and biogas to their forest users.	•	• Enhance coordination and partnership with the Alternative Energy Promotion Centre (AEPCC) for effective collaboration for efficient alternative

Strategies	Implementation status	Key implementation barriers and gaps	Suggestions and key priority areas for new NRS
energy (3 actions)			energy schemes targeting marginalized households including Dalits, IPs, Women, and Madhesi within FUGs.
9. Improve collaboration, cooperation, and synergy among sectoral policies, sectors, and actors (7 actions)	• Not Implemented, • DFOs, FUGs, PAs, and BZCFUGs are involved in the FCPF ER program,	• Climate change and REDD+-related specific activities are rarely designed at the provincial and district level plans, • The CSO and IPOs Alliance is also less active due to regular support	• Need to have the federal-level legal provision in integrated planning, • Enhance coordination across the cross-sectoral government and non-government organizations including academia (e.g., schools) at the provincial and district level for climate change-related integrated planning.
10. Improve capacity, institutional performance, and service delivery of the forestry sector institutions, right holders, and relevant stakeholders (11 actions)	• Partially implemented • REDD+ institutional setup (REDD Desk) at the provincial and district levels is established but there is a lack of functional coordination with the federal levels REDD+-related institutional setup such as the National REDD+ Steering Committee (NRSC) and National REDD+ Coordination Committee (NRCC) •	• Lack of vertical and horizontal coordination between the forestry and other sectoral organizations specifically regarding climate change and REDD+, • While carbon transactions are dealt with by the federal government, provincial governments have limited scope and related policies,	• Strengthen coordination between the federal level and provincial/district level REDD+-related institutional setup (e.g., NRCC and REDD Desk), • Provide financial support to activate provincial/district level REDD desk, •
11. Ensure social and environmental safeguards including environment-friendly development (6 actions)	• Procedural rights (e.g. rights to participation, rights to information, etc) and FPIC provisions are mentioned in the policy and laws. • Legal measures for environmental safeguards are developed at national and provincial levels.	• Lack of awareness of FPIC and social safeguards at the community level • Weakness in the implementation of environmental safeguards due to lack of political will. •	• Need to implement the capacity building program for the generation of awareness on FPIC and procedural rights of IPs and local communities, • Need to establish mandatory provision of environmental safeguards at the community level for the protection of forest • Establishment of functional GRM at the local and provincial level

Strategies	Implementation status	Key implementation barriers and gaps	Suggestions and key priority areas for new NRS
12. Establish and maintain a robust and well-functioning national forest monitoring system (6 actions)	- Not relevant to provincial, district, and community-level participants, - Some of the CFUGs regularly submit the annual report to the respective DFO	Less recognition of community-based monitoring practices of communities in the monitoring and evaluation	- Integrate community-level forest monitoring systems into national forest monitoring systems appropriately. - Establishment of a multi-stakeholder monitoring system in the forest sector.

5.2 Feedback received from consultation workshops (with government authorities, development partners, and CSOs at the federal level)

Annex 5.2.1 Feedback from consultation with development partners (16 April 2024)

- Limited understanding of NRS with development organizations,
- Need to review the tenure of the new NRS (10 years maybe)
- There is no detailed implementation plan, monitoring and evaluation plan,
- The new NRS should align with recent development and scope offered by the Paris Agreement and UNFCCC,
- Need to review drivers of deforestation and forest degradation, barriers of SFM and carbon stock enhancement,
- Need a clear implementation plan with budget, responsible organizations, and monitoring and evaluation framework,

Annex 5.2.2 Feedback from Consultation with FRTC (12 May 2024)

- Observed inadequate data maintenance of REDD+ activities in DFOs and FUGs,
- Mobilized local resource persons during the remeasurement of the permanent sample plots for the MRV process,
- Inadequate skilled human resources to operate NFMS and MRV,
- Incorporate carbon measurement provisions in the CF Operational Plan,
- Inadequate coordination and cooperation between the federal and provincial governments in data reporting and maintenance,
- Limited readiness interventions in the LEAF Coalition ER Program area,
- Collected non-carbon benefits but not analyzed due to time constraints,
- Need to establish a National Registry System and operate with skilled human resources,
- Strengthen collaboration between REDD IC and FRTC,
- Should maintain activity and monitoring data at the community levels (e.g., FUGs), DFOs, and PAs to justify additionality,

Annex 5.2.3 Feedback from consultation with NEFIN and NIWF (19 May 2024)

- Limited understanding of REDD+ and related mechanisms including strategy among IPOs, hence, a need for regular capacity building and awareness-raising programs among IPs,

- REDD+ focuses only on forests and their management, however, does not consider the spiritual value of IPs who are customarily involved in managing the forests,
- There is a need to change the notion of IPs as forestry destroyers. They are real forest protectors and managers,
- Need to follow FPIC procedures while formulation strategies and policies,
- BSP for the FCPF ER Program has not included customary practices as a beneficiary which was originally included (later removed),
- We expressed our solidarity during the FCPF ERPD with our concerns, but need to consider in the implementation,
- It is good to interact with IPOs including NEFIN, as needed we can send our views in written form.

Annex 5.2.4 Feedback from consultation with FenFIT (21 May 2024)

- Some legal provisions demotivate and constrain the private sector's engagement in sustainable enterprise development thereby contributing to emission reduction and low-carbon development pathways.
- A little skeptical view on the carbon deal is probably due to an inadequate understanding of the evolving roles of the private sectors in global climate change mitigation,
- As reported, they have rarely participated/been invited to REDD+-related meetings and interactions while NRSC has a provision to include them as a member,
- Explore opportunities for engaging the private forests in carbon transactions.

Annex 5.2.5 Feedback from consultation with FECOFUN (27 May 2024)

- Several activities are implemented but there are limited capacity-building and awareness-raising activities of REDD+ at the community level,
- Capacity-building and awareness-raising activities should be implemented targeting the Emission Reduction Program,
- FUGs spend substantial time on the conservation of forests. How are historical contributions of community forest user groups recognized in the benefit-sharing plan,
- Prioritize the handover of remaining National forests to the CFUGs,
- Controversial policies such as Scientific Forest Management can barricade REDD+ initiatives,
- Need a benefit-sharing plan to reach directly to forest users,
- FECOFUN and NEFIN should be explicitly included in REDD+-related institutional and decision-making processes (e.g., National REDD+ Steering Committee, Coordination Committee, and Forest Development Fun Operation Committee), not like representatives of forest groups,
- Environmental and social safeguards and grievances of right holders should be duly considered,
- What is the mechanism to make all actors responsible for achieving the targeted emission reduction in the ER Program? As the FCPF ER Program underperforms in achieving emission reduction, who is responsible for that?
- Time to analyze the Drivers of Deforestation and Forest Degradation and activities addressing D and D should be included in the CFOP to institutionalize the process,
- Diverse forests sequester CO₂ differently, how do benefits go appropriately?
- Consider community-based data and monitoring skills in the MRV of REDD+ (ER Program),
- REDD IC-supported CFOP revisions are not approved by the DFO yet,
- Carbon benefits should be distributed in terms of cash, not in kind or materials,

Annex 5.2.6 Feedback from consultation with other CSOs (AFFON, COFSUN, RDN, HIMAWANTI, DNF) (29 May 2024)

- Inadequate understanding of the REDD+ process among local communities particularly Dalits, women, IPs, and marginalized households,
- These groups should adequately be consulted during the formulation of REDD+-related plans and strategies,
- Dalits, IPs, and women should be included in REDD+-related institutional arrangements and decision-making processes,
- How REDD+ benefits are equitable targeting Dalits, women, and IPs, is the major concern,
- Capacity-building and awareness-raising activities should be regularly conducted,
- How family-managed and private forests are included in the REDD+ initiatives,
- Ensure the REDD+ process addresses social inclusion concerns experienced by Dalits,
- REDD+ and forest management activities should follow FPIC to ensure traditional knowledge, customary practices, (e.g., Aamchi practices- herbs-based healing practice by mountain IPs), and occupational skills (e.g., blacksmith, basket making by Dalits),
- Coordination between Local Governments
- REDD+ strategy should be simple and understandable at the community level,

Annex 5.2.7 Feedback from consultation with Government Authorities, NFA, NeFTA (30 May 2024)

- Most of the strategies and associated have been implemented,
- REDD+ has received high political commitment through the recent budget speech for FY 2024/2025,
- REDD+ has a strong legal basis with clear provisions for its implementation,
- Lack of detailed plans, timelines, and responsible organizations led to underperformed of the NRS implementation,
- Realized a need for strong coordination among cross-sectoral activities implementation,
- Should consider the adequate inclusion and consent of IPs (NEFIN) and FUGs (FECOFUN) representation throughout the REDD+ process and decision-making bodies,
- Lack of awareness and understanding of REDD+ even among government authorities at all levels,
- Inadequate human resources to facilitate the REDD+ and ER Program,
- Need to realize provincial forest authorities in REDD+ while the forest management activities take place in their jurisdiction,
- Regular implementation of awareness-raising and capacity-building activities targeting forest authorities at all levels and local communities,
- Educate REDD+-related ministries such as the Ministry of Finance, and Office of the Controller General of Accounts, among others, about international REDD+ architecture and requirements to facilitate the benefit-sharing distribution derived from the REDD+ and ER Program,
- Need to formulate a new NRS to accommodate several policy developments in national and international contexts,
- Drivers of deforestation and forest degradation should be reviewed while forest fire incidences have increased in recent years,
- New NRS should be short, and simple, and activities should be doable,
- Need a clear implementation plan with budget, responsible organizations, and monitoring and evaluation framework,

Annex 6: Some photographs of the consultations

Consultation with government authorities (MoFE, DNPWC, DoFSC, FRTC, and NFA)



Consultation with the federal-level FECOFUN (Left) and NEFIN (Right)



Consultation with CSOs (HIMAWANTI, RDN, COFSUN, and DNF(Left) and FenFIT (Right)



Consultation with stakeholders of the FCPF ER Program area (Chitwan)



Consultation with stakeholders of the FCPF ER Program Area (Dang)



Consultation with stakeholders of the FCPF ER Program Area (Kailali)

