



REDD+ Initiative An Opportunity to Catalyze Green Growth

Nepal

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Photo: Eak B. Rana, ICIMOD

Forests in a Green Economy

Clearly forests are more than the carbon they store. UNEP believes that in many developing countries, forests and Payments for Ecosystem Services (PES) can, in fact, lead to green growth and the emergence of a green economy. Along with a number of its member countries, UNEP recognizes in REDD+ and its related investments a unique opportunity to catalyze green growth. The prospects and benefits are promising, including new jobs, better food security, and other economic and social benefits. To acknowledge and overcome the potential challenges, UNEP is putting together a work programme to strengthen the knowledge base for using forests as a trampoline for green growth. This will help policy makers and stakeholders with the mainstreaming REDD+ efforts throughout the wider development agenda, as well as increasing and diversifying the investments that could go into forest-based green growth.

Low Carbon Growth and Sustainable Management of Forest Resources in Nepal

The forest area of Nepal is estimated to be about 5.83 million hectares or 39.6% of the total geographical area of the country. The ADB Key Indicators of 2005/07 show that the forest area of Nepal makes up 25.4% of the total land area. This data indicates that 35.86% of the total forest area was considered degraded as of 2005. Nepal's original forest cover has suffered from increasing population pressures and demand for arable land, pastures, fuel, fodder, and farm implements. The high demand for agricultural land has led to considerable deforestation and loss of ground cover. Between 1947 and 1980, Nepal's forest cover declined from 57% to 23% of the national territory [Myers (1986)], then at an annual rate of 1.8% per year between 1980-2000 [UNEP (2001), FRA (2000)]. The UNDP Millennium Development Goal indicates that forest cover has been stabilized in the past years, reaching 29% today. Also, protected areas have increased slightly through community protected areas, which benefit the environment and protect the livelihoods of communities. However, deforestation and degradation continues to be the major problem of forests in Nepal due to factors like internal migration, uncontrolled en-



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encroachment of forest for habitation and agriculture, and a high dependency on forest resources for livelihood.

Forests have a vital role to play in the mitigation and adaptation of changing climate; forests not only sequester CO₂, a major greenhouse gas (GHG), but also emit major GHGs such as CO₂, CH₄, and N₂O when destroyed or degraded. Studies indicate that about 17% of total global GHG emissions can be attributed to forest and land use-change activities.

Forest Carbon Benefits

It is now widely accepted that past regulatory policies and instruments have not been effective in reducing global deforestation rates. There is growing interest in economic incentive mechanisms to reward good management and conservation of forest resources. Reducing Emissions from Deforestation and Forest Degradation (REDD) is an incentive mechanism of this kind evolving under the United Nations Framework Convention on Climate Change (UNFCCC) in an effort to reduce the concentration of carbon dioxide in the atmosphere. REDD has now been expanded to REDD+ with the inclusion of a wider range of forest-related activities than previously proposed, including community forest, joint forest management, social forestry, and collaborative forestry – which should enable local communities to derive benefit from international efforts to mitigate climate change.

The Government of Nepal, in collaboration with a range of organizations, has initiated programs to support efforts to reduce emissions from deforestation and degradation and to tap into financing opportunities under future REDD+ mechanisms. REDD Cell, which was formed under the Ministry of Forest and Soil Conservation of the Government of Nepal, has prepared a Readiness Proposal (RPP) for REDD+ mechanism with the support of the World Bank.

In this regard, the International Centre for Integrated Mountain Development (ICIMOD) has created a pilot Forest Carbon Trust Fund as a pioneer REDD+ project, which has been implemented in three watersheds in Dolakha, Gorkha and Chitwan Districts of Nepal since 2009. This landmark performance-based initiative is being implemented by the ICIMOD and its partners, the Federation of Community Forestry Users, Nepal (FECOFUN) and the Asia Network for Sustainable Agriculture and Bioresources (ANSAB). The project, financed by the Norwegian Agency for Development Cooperation (NORAD) under the Climate and Forest Initiative, covers over 10,000 hectares of community managed forest and has an outreach of over 18,000 households with over 90,000 forest-dependant people. It is one of the world's first carbon offset projects involving local communities in monitoring the carbon in their forests, providing the necessary training for them to do so, and giving them the opportunity to claim reward for their enhancement of carbon.

The Forest Carbon Trust Fund was initiated in 2010 with a US\$100,000 seed grant from NORAD for the three REDD+ pilot sites. The project focuses on sequestering carbon through community-based forest management. Priority is given to ensuring that payment mechanisms are equitable, respect the rights of indigenous peoples and local communities, and are sustainable in the long run. Currently, the Forest Carbon Trust Fund gives the communities in the pilot area the opportunity to claim rewards for their enhancement of carbon.



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Community Members rewarded for enhancement of carbon

As the three pilot sites are heterogeneous in terms of forest area, population density, ethnic composition, and livelihood conditions, the pilot fund addresses equity issues by combining performance criteria with social and economic criteria. Thus, REDD payments have been allocated to local communities based on four basic elements: 1) the quantity of forest carbon saved above the baseline, 2) the number of households of indigenous peoples and minority groups, 3) the ratio of men and women, and 4) the number of poor households within the project area.

In June 2011, the communities were rewarded for their enhancement of carbon. The 5,996 hectare Charnawati watershed in Dolakha sequestered a total of almost 4.6 million tonnes of carbon dioxide in 2011, an increase of 51,483 tonnes of carbon dioxide compared to 2010. Based on the above criteria, this watershed received an amount of US\$45,535. Likewise, the 1,888 hectare Ludikhola watershed in Gorkha sequestered slightly less than 1.5 million tonnes of carbon dioxide in 2011, an increase of 36,680 tonnes over 2010, and thus received an amount of US\$27,560. The 2,382 hectare Kayarkhola Watershed in Chitwan sequestered slightly more than 2.5 million tonnes in 2011, representing an increase of 12,087 tonnes over 2010. The lesser improvement in carbon sequestration in this watershed however does not indicate lesser efforts by the communities to enhance the carbon stock – but rather, the high existing forest stock and the maturity of the forest, which means slower tree growth. The payment was adjusted to take this circumstance into account and the watershed received an amount of US\$21,905.

Carbon trading is a new concept globally and there is a need to build the capacity of local communities. The lessons learned from this pilot will help policy makers and planners develop pro-poor and inclusive national-level policies for REDD+ payments in the future. Experts suggest that Government of Nepal should lead on policy reform and partner with like organizations to implement carbon projects to bring about carbon benefits to local communities. This case presented portrays that REDD+ complies with the principals of Green Growth. It fosters sustainable management of forest resources and facilitates low carbon and socially inclusive development while benefitting the local communities.



Dr Andreas Schild, ICIMOD Director General hands over a cheque to the Representative of the Community Forest User Groups of Ludikhola Watershed REDD Network, Gorkha



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Appendix 1

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Photos, press clippings, video materials	<p>Nepal receives \$95,000 from forest carbon trust fund [Republica] http://www.myrepublica.com/portal/index.php?action=news_details&news_id=32414</p> <p>Climate Change: Community forestry feted for carbon reduction role http://www.ekantipur.com/2011/06/16/national/climate-change-community-forestry-feted-for-carbon-reduction-role/335776/</p> <p>Nepal receives \$95,000 from forest carbon trust fund [India Times] http://oneclick.indiatimes.com/article/0f63g9G9eT7nc</p> <p>Communities receive payments for carbon cleaning services [The Rising Nepal] http://www.gorkhapatra.org.np/detail.php?article_id=51811&cat_id=4</p> <p>Money received by conserving forests [Nagarik News] http://nagarikplus.nagariknews.com/component/flippingbook/book/604-nagarik-25-june-2011/2-nagarik.html</p> <p>How they reaped benefits from 'gases in the air' [The Kathmandu Post] http://www.ekantipur.com/2011/06/24/national/how-they-reaped-benefits-from-gases-in-the-air/336212.html</p> <p>Women Grow Carbon Money on Trees [IPS] http://ipsnews.net/news.asp?idnews=56343</p> <p>Chitwan community forests get 22,000 US dollars prize [Republica] http://www.myrepublica.com/portal/index.php?action=news_details&news_id=33092</p> <p>Growing money from carbon [The Himalayan Times] http://www.thehimalayantimes.com/fullNews.php?headline=Growing+money+from+carbon&NewsID=296416</p> <p>Women grow carbon money on trees [The News Today] http://www.newstoday.com.bd/index.php?option=details&news_id=32268&date=2011-07-06</p>

