

# REDD-Forestry and Climate Change Cell

Ministry of Forests and Soil Conservation

Babarmahal, Kathmandu, Nepal

## Terms of Reference

### **Analytical Study on Assessing the Value of Forests, the Political Economy of Land Use and the Carbon Emissions from Drivers of DD (FCPF/REDD/S/QCBS-4)**

#### **1 Background and rationale**

Reducing Emissions from Deforestation and Forest Degradation (REDD) is evolving as a means to reduce forest sector carbon emissions through appropriate forest management practices and enhanced forest governance both in the forestry sector and related sectors.

The World Bank's Forest Carbon Partnership Facility (FCPF) is assisting Nepal with support to develop and apply strategies to address the drivers of deforestation and forest degradation. This will be the key during Nepal's REDD-readiness phase.

The core component of REDD+ readiness is a national strategy. Nepal's R-PP constitutes the draft of such a strategy, but substantial inputs are needed to refine it further.

#### **2 Objectives**

In line with this requirement, the objective of the study is threefold:

1. To provide a comprehensive assessment of the value of Nepal's forests;
2. To analyze the political economy of land use in Nepal; and
3. To assess the carbon emissions from the key drivers of DD identified by R-PP and other relevant studies of Nepal.

Assessing strategic options and developing programs to address the drivers of Deforestation and Forest Degradation (DD) will be a key activity during the REDD readiness phase. This analysis will guide the process and has to cover three key aspects:


1. **Value of forests:** The current allocation of the national public budget for the forestry sector does not correspond to its contribution to the development of the country. The National Gross Domestic Product (GDP) captures mostly financial contributions in the formal sector. However, due to the large informal economy and high dependency of people in forests for livelihoods, most of the contribution from forests to the economy is not accounted for, including contributions to local use (i.e. timber, NTFPs, and other products), and valuable environmental services. Forests provide more intangible than tangible benefits. These intangible benefits need to be reflected in the national accounting system. Despite the important role of the forestry sector in the national economy, the national budget does not recognize it as a main asset for the development of the country. If the contribution of the forestry sector would be estimated and highlighted, more attention and focus would be drawn to the need for forestry sector policy development, planning and funding.
2. **Political Economy of land use:** The assessment of land use, forest policy and governance conducted under development of the R-PP has identified nine main drivers of Deforestation and Forest Degradation in Nepal. This along with other recent studies conducted at various physiographic region also shows that there has been continuous pressure on forest land for other land use purposes, especially for agricultural and infrastructural development. At the same time, Nepal needs to maintain a certain level of forest area to fulfill the domestic use for the private sector and livelihood demands, as well as the ecological sustainability of this resource. There are debates on various issues related to the forestry sector, such as how much forest area is actually needed to fulfill the growing demand for forest products; how much should be allocated to maintain ecosystems, biodiversity and associated environmental services; and whether some of the forest land should be allocated for agricultural purposes to foster food security. These arguments have led to conflicts over land use and tenure systems. Hence, a detailed assessment of the political economy of land use at the national level is proposed.
3. **Drivers of Deforestation and Degradation of Forests (DD):** Each of the nine identified drivers of Deforestation and Forest Degradation affects in different ways and in different intensities the different types of forests and regions according to the physiographic, demographic, and technical capabilities of the forest managers and stakeholders. However, the discussion lacks scientific evidence and/or analytical assessment of the magnitude of the drivers' impacts on emission reductions in Nepal. This is particularly important for the development of the REDD strategy. Nepal has identified strategic options to address those drivers. However, the lack of information and analytical work impedes the prioritization of drivers to be addressed and the actions to be undertaken during the development of the REDD strategy.

### 3 Specific tasks

The study comprises three different thematic parts which will be joined in a synthesis study.



### 3.1 Value of forests

The first objective of the assignment is to estimate the full value of forests as part of the national economy, focusing on the various types of use values (direct, indirect and optional values). Non-use values of Nepal's forests for both local communities and the nation have also to be addressed.

The specific tasks of this part of the study include:

- To identify the use values provided by the forestry sector, primarily for direct forest users, such as forest-dependent communities and the private sector (formal and informal). Secondary users should also be considered, such as the buyers of forest products; and
- To estimate the total economic value of the different forest products and services, including the value of forest products sold for commercial purposes and those used for livelihoods support, as well as the value of critical environmental services.

The consultants will prepare a policy brief and organize a high-level round table meeting to disseminate the results and develop policy recommendations for the Government of Nepal to improve the capture of the full forest value and to include it in forest policy formulation and land use planning.

### 3.2 Political Economy of Land Use

The second objective of the study is to carry out a comprehensive assessment of land use and underlying dynamics of land use changes (including the forest land use system, and tenure and associated conflicts). Specific tasks are:

- To conduct an in-depth land use assessment including past, present and future demand for land in various categories;
- To identify existing and potential conflicts related to land use and tenure;
- To review land use systems of other countries demonstrating both good and bad practices and comparing the results with the land use system(s) in Nepal;
- To assess the current demand and supply system for forest products for ecological, social and economic purposes, and project future demand and supply scenario;
- To review international and national obligations for Nepal affecting land use;
- To offer evidence-based recommendations on the extent of forest area that Nepal needs to maintain to meet projected social, economic and ecological requirements; and

### 3.3 Drivers of Deforestation and Degradation of Forests (DD)

Thirdly, the study aims at providing a detailed assessment of the magnitude of impacts of the nine identified drivers of deforestation and forest degradation in R-PP and other recent studies on emissions reductions. The specific objectives of the study are:

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- To conduct a desk review of past literature and analytical studies to assess the contribution that each of the identified drivers of R-PP and other relevant studies on deforestation and the degradation of forests in Nepal;
- To conduct a review of selected forest projects in which effective solutions for emissions reductions are identified to minimize the effect of drivers of deforestation and forest degradation in Nepal;
- To evaluate and prioritize the specific roles and importance of the identified drivers of DD in R-PP and other relevant studies;
- To conduct a stakeholder forum for the dissemination, validation and refinement of results; and
- To provide concrete recommendations for policies and programs to avoid future conflicts on land use and tenure.

### 3.4 Synthesis

Findings of the three individual tasks will be summarized in a synthesis document that clearly identifies key drivers of deforestation and/or forest degradation, as well as activities concerning conservation, sustainable management of forests, and enhancement of carbon stocks. The synthesis also addresses how shortcomings of current land use practices, forest/environmental legislation, policy and governance contribute to the drivers of deforestation and forest degradation and exacerbate their impact. The synthesis will also present potential solutions to mitigate the impact of drivers of deforestation and forest degradation.

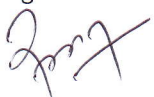
## 4 Expected Outputs and Deliverables

The REDD Cell receives three separate reports on the value of forests, the political economy of forests, and the drivers of deforestation and forest degradation in the country. The consultants will also provide a paper synthesizing the findings of the three individual papers. Together they will provide a complete analysis of recent historical land use trends and an assessment of relevant land tenure, natural resource rights and governance issues. The final report will include a synthesis chapter that presents

- A structured overview of the economic value of forests in Nepal;
- A critical analysis about the political economy and policy debates concerning land use issues; and
- Robust and vetted strategic options to address prioritized direct and indirect drivers of deforestation and/or forest degradation. The reports will serve as key documents guiding the formulation of a national REDD+ strategy.

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The consultant will also prepare an eight page summary of the study, highlighting the approach followed, the work undertaken, key findings as well as implications for REDD+ readiness in Nepal.

## 5 Study Approach

### 5.1 Methodology for the Study

The study will be partly based on desk review of available secondary information and intensive interactions with key stakeholders in the field.

Furthermore, the consultants will have to collect primary information from field interviews and observations. Participatory appraisal techniques will be adopted to obtain quantitative and qualitative factual information. The process requires information from a variety of sources that include:

- Key person interviews and discussions with local forest authority;
- Local communities;
- Protected area authority/BZMC;
- Local NGOs working in forestry; and
- Direct observations at a group level.

### 5.2 Study Team

The study team will comprise a Team Leader and a team of subject matter experts to be specified by the consultants.

The Team Leader will be responsible for the coordination of the overall process and reporting, while the other experts will assist the team leader in conducting specific activities. The Team Leader is expected to have a thorough understanding of and experience in the political economy of forest management, the specific role and value of forests in the national economy and the drivers of deforestation and degradation of forests in Nepal. All other team members are also expected to have a clear understanding and solid experience in these subject matters.

The experts to be involved in this assignment should demonstrate their ability to conduct the study and produce consistently high quality reports. The experts to lead the team in implementing this study should also demonstrate sufficient experience in leading multi-disciplinary teams.

### 5.3 Work Plan

The consulting firm or consortium of consulting firms is expected to prepare an inception report with a detailed work plan that will guide the process. This work plan will describe how the study will be carried out and includes work schedule, methodology to be used for data collection related to each key question, framework, information collection and analysis, and reporting. Based on the work

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plan, a detailed plan of study will be discussed and finalized jointly by the study team and the REDD Cell.

#### **5.4 Time Frame**

The consultant's consultants' services will be required for a total of up to Three months.

### **6 Qualification/experiences and competency of the consulting firms**

The consulting firm or consortium of consulting firms to be involved in this assignment should demonstrate the ability to carry out this study with sufficient experience in leading multi-disciplinary teams. The firm has to have the proven capability of studying and producing consistent high quality reports. The consulting firm or consortium of consulting firms has to demonstrate proven expertise in the thematic areas specified above.

### **7 Client's Input to the Consultant**

The REDD Cell will designate a supervising officer to oversee the contract and to help implement the study by providing feedback and coordination with other government agencies including the Forest Resource Assessment (FRA) project, as necessary.

### **8 Reporting Requirements**

The consultants will submit an inception report within the first week of the contract agreement describing the consultant's consultants' plan of actions. This report should be accompanied by a work/time schedule to ensure that the final submission will be made on time. The inception report must be approved by the client in order to proceed with further work.

Draft copies of the final report will be submitted to the client within five months of signing the contract agreement. Following the final review by the client of the submitted draft documents and the ensuing communication, the consultant shall prepare and submit five final hard copies and an electronic copy of the required documents to the REDD Cell.

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