

**Government of Nepal**  
**Ministry of Forests and Environment**  
**REDD Implementation Centre**



**Terms of Reference for**

**Development of a Benefit Sharing Plan for the Recently Approved REDD+ Emission  
Reductions Program in 13 districts of Nepal's Terai Arc Landscape**

**1. Background**

Nepal is one of the REDD+ (Reducing Emission from Deforestation and Forest Degradation plus Role of Conservation, Sustainable Management of Forests and Carbon Stocks Enhancement) countries operating under the World Bank's Forest Carbon Partnership Facility (FCPF) for its REDD+ Readiness. In relation to the REDD+ Readiness work, Nepal has recently prepared an Emission Reductions Program Document (ERPD) and presented it to the FCPF Carbon Fund for its technical assessment. Earlier in 2014, Carbon Fund Participants competitively selected Nepal's ER-PIN and authorized the World Bank to support the development of a full ERPD. The Bank and the Government of Nepal (GoN) signed a Letter of Intent (LOI) in June 2015 formalizing the Bank's supporting role and indicating a national volume of emission reductions the Carbon Fund intends to pay for upon verification of results.

Nepal's Emission Reductions (ER) Program is located in 13 districts of the Terai Arc Landscape-TAL (12 before and now Nawalparasi district is split into Nawalparasi East and Nawalparasi West), an area covering 2.2 million hectares from the lowlands of Nepal. Uniquely rich in culture and natural resources, the TAL represents approximately 15% of Nepal's total land area, a fifth of Nepal's forest area, a quarter of Nepal's total population, and is the country's most productive agricultural region. The ER Program is the central pillar of the TAL Strategy and Action Plan (2015-2025) of the GoN. It is a subnational effort to protect and restore forests through REDD+, and will model implementation of the National REDD+ Strategy 2018 and performance-based activities to address drivers of deforestation and forest degradation eventually at national level.

Nepal has participated in REDD+ readiness since 2008. The REDD Implementation Centre under the Ministry of Forests and Environment coordinates Nepal's REDD+ under the REDD Working Group in collaboration with a number of REDD+ actors and stakeholders including government agencies, civil societies, indigenous peoples, local communities and development partners. Besides other agencies, the World Bank, through FCPF, is supporting the GoN in its REDD+ readiness and associated activities. Under the Readiness Fund of FCPF, a grant of \$3.6 million was signed with the GoN in 2011 to help the country get ready for REDD+ through technical studies, policy formulation, consultations and capacity building activities. The REDD+ Readiness Grant ended in August 2015. An additional grant agreement was signed between the World Bank and the GoN in early 2017 for US\$ 5.2 million, which is allowing the Government to undertake a number of additional readiness preparation activities including preparation of a Benefit Sharing Plan.

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## 1.1 Emission Reductions Program in Nepal

Nepal's Emission Reductions Program Document for the Terai Arc Landscape was accepted into Carbon Fund Portfolio during the Carbon Fund meeting held from June 20 to 22, 2018 in Paris, France. The approved ERPD has proposed seven major interventions including sustainable management of community-based forests in the 13 Terai districts.

The main objective of the ER program in the TAL is to improve local livelihoods and increase economic productivity; maintain and enhance biodiversity and improve the resilience of the valuable regional ecosystems; and reduce deforestation and forest degradation by maintaining and enhancing forest carbon stocks. In its first 10 years, the ER Program aims to reduce emissions by 34.2MtCO<sub>2</sub>e, and these benefits are expected to increase over time given the long-term nature of the planned interventions.

In addition to the intervention packages (program and activities) and institutional arrangements, effective implementation of the ER program requires a robust mechanism for benefit sharing. Rights holders and stakeholders of the ER program should be rewarded according to their contributions toward reduced emissions. Targeted objectives would be achieved through tailoring incentives that change the behavior of all relevant actors involved across the landscape. Benefit sharing may involve monetary or non-monetary benefits. Experience has shown that non-monetary rewards will only be effective if these will generate alternative income and livelihoods for local communities.

In order to establish and operationalize such a benefit sharing mechanism, the Ministry of Forests and Environment (MoFE) Nepal is considering how result-based payments from the ER program would be shared with different actors once they become available. In addition, the development of a benefit sharing mechanism for the ER program is a condition for signing of Emission Reductions Purchase Agreement (ERPA) between the Government of Nepal and the World Bank.

## 2. Objectives

The overall objective of this assignment is to prepare a Benefit Sharing Plan for the equitable distribution of revenues potentially arising from results-based payments during ER program implementation. Specific objectives include:

- To identify different options for sharing monetary and non-monetary carbon benefits among stakeholders and assess the advantages and disadvantages of these options to the Program, including the costs involved;
- To develop a detailed Benefit Sharing Plan based on the best option selected by the stakeholders, building on the benefit sharing arrangements articulated in the ERPD;
- To customize a grievance redress mechanism (GRM) built on best practices and the national GRM report; and
- To translate the summary of the Benefit Sharing Plan in Nepali language for the easy understanding among the local communities and the official purposes including its endorsement by relevant government authority.

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### 3. Scope of Work

The consulting firm will undertake the following tasks:

- a. Define the percentage of revenue to be shared among different rights holders and stakeholders in each beneficiary group (government at each level; local communities; forest users; IPs, women, Dalits, Madhesi and other marginalized groups) and related civil societies existing in the ER Program area. The question to be answered to address this include:
  - i. What kind of criteria should be used for defining the percentage share that goes to each eligible stakeholder group?
  - ii. What is the administrative and MRV cost of ER payment required for ensuring ERs to be generated based on the available experience globally and which entity/-ies will administer the ER payment? What linkage does this cost have with the percentage share that goes to this entity?
  - iii. How to ensure that the operational costs are covered prior to "sharing" the revenues?
  - iv. How much of the revenue has to be transferred to community primarily contributing to ER and why and how much of it (if any) should go to government and other stakeholders?
  - v. What kind of potential economically viable activities are there in which communities could invest their ER payments?
  - vi. What type of benefits can be generated by leveraging the ER payment to implement activities contributing to economic development of the rural community, improved NRM and overall environmental sustainability?
  - vii. What types of potential activities for investment of ER payment are most likely to sustain and improve the ecosystem services?
- b. Define the criteria for distributing the ER payment (benefit) to different communities within the region once the share to communities from the program is defined. The questions to be answered include:
  - i. How should performance of different communities/interest groups at local level be measured?
  - ii. Who should prioritize the investments, given that funds are unlikely to cover the needs of all those communities within the ER Program area at once?
  - iii. Who will bear the risk if one community group or actor does not deliver the result?
  - iv. Who represents rights holders and stakeholders groups? What is the minimum requirement for them to be eligible for claiming benefits?
- c. Identify and assess options to channel results-based payment funds to local communities and develop detail Benefit Sharing Plan for the option agreed upon by the main stakeholders (federal govt, state govt, local govt and diverse local rights-holders including forest communities, IPs, Women, Dalit, Madhesi and other marginalized). The questions to be addressed in this assessment include:
  - i. What financial structure/mechanisms should be set up for the management and disbursement of funds and how should this be managed? For example, could management be done by a Government Program Management Unit, or creation of a trust fund, etc.? How can funds be managed prior to the operationalization of the proposed structure / mechanism?

- ii. What is the best mechanism to ensure that funds reach communities in a cost-efficient way? Particular attention should be paid to how the funds would create incentives to local communities for the adoption of land use practices conducive to REDD+. In order to answer this question, the consultant is required to assess funds disbursement options related to rural development and biodiversity conservation in the ER program area.
- d. Define the roles and responsibilities of each beneficiary group with regard to meeting the requirements of the ERPA. The questions to be answered include:
  - i. What are the roles and responsibilities of each beneficiary group? How will these roles and responsibilities be linked to the provisions of the Benefit Sharing Plan?
  - ii. How can compliance with agreed roles and responsibilities be monitored? How can the monitoring system currently under preparation be used in guiding benefit sharing across beneficiaries? What role could participatory monitoring have in informing the benefit sharing mechanism? To respond to this question, the consultants are expected to refer to the Monitoring Framework for the program.
  - iii. How can grievances from program participants be treated? The consultant is expected to customize the grievance redress mechanism proposed in the ERPD so that it can handle benefit sharing-related grievances, building on best practices and the national GRM report.
  - iv. How and when should the Benefit Sharing Plan be updated?

The identified options should be assessed against a transparent list of criteria, including but not limited to: i) effectiveness (to what extent does the mechanism proposed address the drivers of deforestation and forest degradation); ii) efficiency (what are the costs associated with running the mechanism; and iii) equity in ensuring all relevant stakeholders are duly benefited (to what extent the proposed mechanism promote fairness).

## 4. Approach

### 4.1 Process

The assignment will include a thorough review of available literature, comprehensive structured consultations with all major stakeholders at the national, provincial, and especially the local/district levels. The following activities are envisaged:

- A. Revisit and review the carbon and non-carbon benefits identified in the ERPD and identify the additional benefits (if any) from the consultation process;
- B. In-depth review of the relevant policy documents (ERPD, ESMF, REDD+ strategy, GRM report, MRV report, and other relevant readiness reports, etc.), studies, best practices, peer review articles and other related documents;
- C. Conduct six multi-stakeholder consultations covering 13 TAL districts and one national level consultation;
- D. Propose a comprehensive mechanism for sharing benefits arising from the ER program intervention (carbon money). The assignment should identify main risks and provide concrete suggestions on how the government can move forward in establishing a national framework for sharing benefits from REDD+ programs;



- E. Share the draft mechanism with key experts, policy makers and representatives of related rights holders before finalizing the Benefit Sharing Plan; and
- F. Multi-stakeholder consultations and preparation of the final Benefit Sharing Plan, including a proposal for a benefit sharing architecture for the 13 TAL districts but with potential for future adoption at the national level. The proposal should not require a substantial shift in current land and forest policies to be viable. The assignment should identify main risks and provide concrete suggestions on how the government can move forward in establishing a national framework for sharing benefits from REDD+ programs.

Following documents should be consulted, but not limited to:

- Emission Reductions Program Document recently submitted to the FCPF Carbon Fund Participants for their technical assessment
- Published (hardcopy or online) studies on land and forest tenure in Nepal and in TAL area
- FCPF guidelines on benefit sharing and the models developed by other REDD+ countries on this topic.
- Institutional and benefit sharing arrangements developed/promoted by other REDD+ countries
- Nepal's REDD Readiness Preparation Proposal (R-PP)
- Reports from studies conducted during Readiness preparation: MRV, reference level, SESA, ESMF, drivers of deforestation, CGE modeling, value of forest and PES
- Relevant REDD+ readiness documents published by REDD IC and other NGOs/IPOs/CSOs/INGOs
- Reports of different REDD+ pilot projects from Nepal and other countries
- Academic analyses and news articles
- Relevant laws, policies, strategies and programs.

#### 4.2 Team

It is expected that the team for this assignment will consist of the following members:

1. Team Leader cum natural resources expert: will have a post-graduate (preferably PhD) degree in forestry, natural resources, environmental management or related discipline with a minimum 10 and preferably 15 years of relevant experience. S/he should have a good understanding of the benefit-sharing issues related to community-based forests, climate change and REDD+. The incumbent should have in-depth knowledge and understanding of issues pertaining to natural resources including land and forest tenure, fair and equitable benefit sharing, climate justice, result-based payment and payment for ecosystem services. Experience of working with the World Bank will be an advantage. The Team Leader will be responsible for the overall coordination of the work and delivery of the Options Paper and Final Benefit Sharing Plan.
2. Gender and social inclusion expert: will have a post-graduate degree in Social Science or relevant discipline and expertise in gender and social inclusion in natural resources, particularly in forests. S/he should have minimum 7 and preferably 10 years of work experience. S/he will make sure that the rights of women, indigenous peoples, Dalits, Madhesis, local communities and other

marginalized section of the society as well as private forest holders are properly addressed and respected in the Benefit-Sharing Plan.

3. **Legal expert:** should have a post-graduate degree in Law and expertise in natural resources governance. The incumbent should have minimum of 5 and preferably 7 years of experience in legal issues related to natural resource and forestry. S/he should have a good understanding of Nepal's administrative and forest governance structures, land and forest resource tenure issues, title to ERs and incentive systems. Knowledge of international environmental agreements, Nepal's REDD+ readiness process, relevant laws and policies is required. She/he will contribute to the development of the BSM for the ER Program, to make sure that it complies with existing related national and international policies and measures (laws, regulations, guidelines etc).

In addition, the Team Leader can hire local facilitators as part of the necessary arrangements for stakeholder consultations.

#### **4.3 Work Plan**

The team is required to prepare and submit an inception report with a detailed work plan before the assignment officially commences. The work plan should describe how the required work will be carried out; it should include a schedule, methodology for each activity as well as type and nature of information to be collected and analyzed. The work plan will be reviewed by the REDD IC and later finalized jointly by the team and the REDD IC.

### **5. Qualifications/Experience of the Consulting Firm/ Consortium**

This opportunity is open to relevant national firms. Service providers must be duly registered and be able to produce up-to-date tax clearance certificates.

The consulting firm/consortium for this assignment should have a demonstrated ability and relevant experience in (i) leading multi-disciplinary teams, (ii) successfully completing similar assignments, and (iii) producing comprehensive and quality documents and reports.

The followings are eligibility criteria for potential firms/consortium. Failure to meet them means automatic disqualification.





No	Eligibility criteria	Requirement	Remarks
1	Firm registration	Registration certificate	Pass/Fail
2	Tax clearance	Latest tax clearance certificate	Pass/Fail
3	Value Added Tax (VAT) /PAN registration	In case of international company, submit at the time of signing the contract	Pass/Fail [In case of National Company, VAT registration is mandatory]
4	Firm must be registered and in operation for at least 3 years.	1 and 2 above	Pass/Fail
5	Formal collaboration in case of consortium	Joint venture agreement	Pass/Fail
6	Conflict of Interest as per paragraph 1.9 of the World Bank's Guidelines for Selection and Employment of Consultants (Jan 2011)	Signed statement of compliance	Pass/fail

The team for this assignment should provide evidences of the following (based on previous assignment and/or team members' expertise):

- Expertise on benefit-sharing schemes in environment and NRM, including in relation to ecosystem services;
- Good understanding of the ERPD;
- Good knowledge about climate change, carbon finance and the FCPF (including the Carbon Fund Methodological Framework);
- Good understanding of social and legal issues in REDD+ and the ongoing debates on related sustainability issues and particularly on access to equitable benefit-sharing; and
- Good knowledge of forest law, policy and governance system and fiscal decentralization in Nepal.

## 6. Duration of Work

This assignment should be completed by June 15, 2019

### 6.1 Deliverables

The following deliverables are mandatory. The delivery time of these documents should be clearly specified in the full proposal.

- Inception report (2 weeks after signing the contract);
- A detailed analysis (scenarios) of options for the benefit sharing mechanism for the TAL ER-P, addressing all questions presented in section 3 above;
- A description of the benefit sharing option favored by stakeholders and related details on how it may be operationalized, in the form of a full-fledged Benefit Sharing Plan;
- A proposal for a legal instrument that would formally establish the benefit sharing mechanism, and associated sub-agreements to be signed among parties to the ER Program; and

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E. Minutes of consultations with stakeholders

All deliverables should be in English. A condensed version of the Benefit Sharing Plan will be produced in Nepali later on, based on the English-language Plan. The Nepali version will be used for official processes including the BSP's endorsement by the relevant Government authority. All deliverables should be submitted to REDD Implementation Centre.

## 6.2 Selection procedure

A consulting firm will be selected using the World Bank's Quality and Cost Based Selection (QCBS) method. For further details refer to the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, January 2011 (Consultant Guidelines).

## 7. Payment Schedule

The payment schedule is negotiable. For example, a total of three payments could be made, with a first installment of 20% against an acceptable inception report, a second 40% against a draft BSP and a third and final 40% against an acceptable final BSP and legal instrument proposal after the completion of all the activities listed in the ToR.

## 8. Contact Person

Shankar Adhikari  
REDD Implementation Centre  
Babarmahal, Kathmandu, Nepal  
Tel: 977-1-4239126  
Fax: 977-1-4215261  
E-mail: [info@redd.gov.np](mailto:info@redd.gov.np)

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