

REDD-Forestry and Climate Change Cell

Ministry of Forests and Soil Conservation

Terms of Reference for

Institutional and cost-benefit sharing arrangement for implementation of Emission Reduction Program in 12 districts of TAL

(FCPF/REDD/S/QCBS-22)

1. Background

Global climate change threatens the livelihoods of people worldwide. A significant portion of the greenhouse gas emissions results from land-use and land use changes, particularly deforestation and forest degradation in tropical areas. The international community is developing a mechanism called Reducing Emissions from Deforestation and Forest Degradation (REDD+) to provide positive incentives to help developing countries reduce emissions from deforestation and forest degradation and to support conservation, sustainable forest management, and the enhancement of forest carbon stocks. REDD+ has the potential to contribute to sustainable development in these countries.

Nepal has prepared its REDD+ Readiness Preparation Proposal (R-PP). The implementation of the R-PP is being coordinated by the REDD-Forestry and Climate Change Cell under the MoFSC in close collaboration with multiple stakeholders including other government institutions, NGOs, INGOs, Civil Society Organizations and forest communities' representatives of which constitute a National REDD+ Working Group (RWG).

The Forest Carbon Partnership Facility (FCPF) (with the World Bank as its delivery partner) is supporting Nepal in its national efforts towards "REDD+ Readiness". The objective of the Nepal Readiness Preparation Program is to prepare Nepal to engage in and benefit from the REDD+ program within the context of the international climate negotiations of the UN Framework Convention on Climate Change (UNFCCC).

2. Rationale

The REDD+ program will be successful only with a fair and transparent cost and benefit sharing arrangements will be essential. All stakeholders participating in Emission Reduction (ER) activities should be rewarded according to their contributions to reduced deforestation, degradation, conservation and stock enhancement. Local stakeholders are concerned about fair benefit sharing in REDD+. On the other hand, there are the direct, indirect, hidden and unforeseen costs and consequences of emission reductions activities that have to be borne by different stakeholders. The government faces the challenge of enacting policy reforms without a clear assurance of rewards from REDD+.

The World Bank FCPF funded Emission Reduction (ER) program is being developed for the twelve districts of the Terai Arc Landscape (TAL) - Kanchanpur, Kailali, Banke, Bardia, Dang, Kapilvastu, Rupandehi, Nawalparasi, Chitawan, Bara, Parsa and Rautahat.

Benefit sharing may involve direct payments or through non-cash benefits. The non-cash rewards will only be effective if these will generate alternative income and livelihoods for local communities. Before the rewards from REDD+ starts flowing, the institutional arrangement and costs-benefits sharing mechanism needs to be developed through a comprehensive assessment of existence stakeholders and their future stake in REDD+. The REDD Cell is seeking to engage a team of consultants to assess the current context in TAL districts, explore for options and propose an institutional arrangement for cost and benefit sharing mechanism in the TAL districts. The proposed institutional arrangement should have the potential to be adopted for REDD+ activities at the national level.

3. Objectives

The objectives of the proposed study are:

- To identify and assess key agencies and stakeholders for the implementation of a future ER program in the 12 TAL districts and analyze their existing capacity and potential role in ER program.
- To assess different options of institutional arrangements, including those being proposed in other REDD+ countries.
- To develop a model of institutional arrangement for sharing costs and benefits of ER program in the TAL districts. The model should be applicable to all forest types - community forestry, government managed forest, national forest, collaborative forest or any other forests. There should be clear links at the local, district, regional and national levels and with the national REDD Cell.

4. Expected output

The study should lead to the production of (a) Options Paper on benefit sharing mechanisms and social accountability for 12 districts of TAL; and (b) Final Report that is well articulated, sufficiently referenced and comprehensive. The final report should include (i) assessment of all major stakeholders' strengths, weaknesses and potential role in future ER program; (ii) assessment of options for institutional arrangements and cost-benefit sharing mechanisms; and (iii) proposal of a model for institutional arrangement for cost-benefit sharing for REDD+ program in TAL districts but with potential for future adoption at the national level.

5. Study approach

5.1 Process

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

- A. Conduct multi-stakeholder consultations (linked to six major forest regimes - community forests, leasehold forests, collaborative forests, protection forests, protected areas and private forests) in the sample districts of TAL and in-depth literature review, with a particular focus on:
- mapping institutional and legal framework for REDD+ implementation and recommendations;
 - review of linkages between carbon rights and tree tenure and mechanisms on how to address the allocation of derived rights and their allocations;
 - review of existing access, benefit sharing and incentive programs promoting forest management and conservation in Nepal and other developing countries.
- B. Develop Options Paper on access and benefit sharing mechanisms and social accountability for Nepal that includes overall guidance on how to establish a cost-benefit sharing arrangement, reflecting on:
- different potential schemes for sharing costs and benefits and how these would link to the proposed REDD+ Strategy options for Nepal;
 - risks of elite capture at the local level;
 - the level of organization of communities and the administration at local level and how these benefit sharing schemes would fit into existing institutional structures;
 - risks of inter- and intra-community conflicts arising from REDD+ benefits;
 - key governance risks and recommendations for gaps to be addressed for an effective and functional cost-benefit sharing arrangement.
- C. Multi-stakeholder consultations and preparation of the final report, including a proposal for a national architecture of cost-benefit sharing for 12 TAL districts but with potential for future adoption at the national level. The proposal should not require substantial shift in current land and forest policies. The assignment should identify main risks and provide concrete suggestions on how the government can move forward in establishing a national framework for sharing costs and benefits from REDD+ programs.

Following documents should be consulted, but not limited to:

- 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, drivers of deforestation, CGE modeling, value of forest, and PES.
- Relevant REDD+ readiness documents published by REDD Cell 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.

5.2 Study Team

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

1. Team Leader and NRM Expert (international– 2 months) will have a post-graduate (preferably PhD) degree with a minimum 10 and preferably 15 years of relevant experience and a good understanding of the social issues related to climate change and REDD+. Experience of working in developing countries is required. The Team Leader will be responsible for the overall coordination of the study and delivery of the Options Paper and Final Report.
2. Social Scientist (national – 3 months) will have a post-graduate degree (preferably PhD) in Social Science and expertise in social issues related to access and benefit sharing schemes, forest governance and subsidiarity. She/he should have minimum 7 and preferably 10 years of work experience.
3. Environmental Lawyer (national – 3 months) should have minimum of a graduate (preferably 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 a good understanding of the Nepal’s administrative and forest governance structures and reward system. Knowledge of international environmental agreements, Nepal’s REDD+ Readiness Preparation Proposal (R-PP), preparedness activities, relevant laws and policies is required.
4. Fiscal Decentralization Expert (national – 2 months) should have a minimum of post-graduate degree (preferably PhD) in Business Management, Economics or Rural Development with minimum 7 and preferably 10 years of experience on decentralized fiscal arrangements, community development and fiscal policies and laws of Nepal.

5.3 Work plan

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

6. Qualification/experiences and competency of the consulting firm/consortium

This study opportunity is open to both national and international 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 1.9 paragraph of the World Bank's Guidelines for Selection and Employment of Consultants (Jan 2011)	Signed statement of compliance	Pass/fail

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

- Expertise on benefit-sharing schemes in NRM;
- Good knowledge about climate change and carbon financing arrangements;
- Good understanding of social and legal issues in REDD+ and the on-going debate on social related issues and particularly on access and benefit-sharing;
- Good knowledge of forest law, policy and governance system and fiscal decentralization in Nepal.

7. Duration of work

This assignment should be completed within three months after signing the contract. This study is expected to start in February 2015 and complete in May 2015.

8. Reporting requirement (deliverables)

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

- A. Inception report (2 weeks after signing the contract)
- B. Options Paper on benefit sharing arrangements to be presented at a multi-stakeholder workshop (suggested delivery - about 3 weeks before the end of the contract)
- C. Final report that is comprehensive and fully referenced including proposal of an institutional arrangement model for cost and benefit sharing in ER program for Nepal. The report should contain an in-depth analysis of the issues described in the objectives and should propose clear, implementable recommendations in PSIR (pressure, state, impact and response) framework.

All reports should be in English. An executive summary should be included in English and Nepali in the final report. Both hard copy and soft copies of all reports should be submitted to REDD-Forestry and Climate Change Cell of MoFSC.

9. 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).

10. Payment schedule

The payment schedule is negotiable. For example, three time payments could be made - first installment of 20% against an acceptable inception report, second 40% against a draft final report and third and final 40% against an acceptable final report after the completion of all the activities listed in the ToR. There will be a provision of 10% mobilization advance against the bank guarantee.

11. Contact person

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