



NORTH AMERICA OFFICE

SMALL CONTRACT FOR SERVICES

Ref. UNREDD - PROJECT 80505

This Contract is made on 21 January 2013 between the United Nations Office for Project Services ("hereinafter referred as UNOPS"), and ForestAction, a company duly constituted under the laws of Nepal (hereinafter referred as "Contractor"). In consideration of the promises contained in this Contract and subject to the UNOPS Conditions of Services hereby incorporated by reference as Annex I, the Parties agree as follows:

1. SCOPE

The Contractor shall perform two studies for the UNREDD Programme/Nepal ("hereinafter referred as Services") as specified in the Terms of Reference ("TOR") attached as Annex II and hereby incorporated by reference. Unless otherwise provided for in this Contract, the Contractor shall furnish all the technical and administrative support, human resources, materials and equipment necessary to complete the Services.

2. PERIOD

The Contractor shall commence the performance of the Services on 22 January 2013 and shall complete the Services by 31 July 2013.

3. PRICE & PAYMENT

In full consideration for satisfactory completion of the Services, UNOPS shall pay the Contractor a fixed contract price of up to **\$43,285 (Forty Three Thousand Two Hundred Eighty Five US Dollars)**. The price of this contract is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the Contractor in the performance of the contract. Payment will be made according to the following schedule:

Deliverable - Key policies and measures to address the drivers of deforestation and forest degradation in Nepal – Value \$ 22,055

25%	Upon receipt and acceptance of the Work plan, outline including key issues to be covered, methodology and list of people/organizations to be interviewed	by 22 February 2013
25%	Upon receipt and acceptance of the Assessment and first draft	by 22 April 2013
20%	Upon receipt and acceptance of Improved draft including consultation report annexes based on two consultations (national and local)	by 22 June 2013
30%	Upon Participation in validation meeting and final draft incorporating meeting findings	by 31 July 2013

Deliverable - Assessing options for the design of an effective, efficient and equitable fund management system for REDD+ finance in Nepal- Value \$21,230

25%	Work plan, outline including key issues to be covered, methodology and list of people/ organizations to be interviewed	by 22 February 2013
25%	Assessment and first draft	by 22 April 2013
20%	Improved draft including consultation report annexes based on two consultations (national and local)	by 22 June 2013
30%	Participation in validation meeting and final draft incorporating meeting findings	by 31 July 2013

4. INVOICES

UNOPS shall effect payments to the Contractor after acceptance by UNDP/UNREDD and UNOPS of the original invoice together with whatever supporting documentation may be required by UNDP/UNREDD, UNOPS. Within ten (10) days of receipt and acceptance of each invoice by UNDP/UNREDD, UNOPS, shall process payment to the following Bank account of the Contractor:

Name: Nepal /Investment Bank Ltd
DFI ID: NIBLNPKT

Bank Account: 00405010040014

5. SPECIAL CONDITIONS:

No special conditions shall apply.

6. NOTIFICATIONS

For the purpose of notifications under the Contract, the addresses of UNOPS and the Contractor are as follows:

NORTH AMERICA OFFICE

For UNOPS:

Francis Renquillo
Chief, Development Group Cluster
North America Office
Ref. Project 80505
405 Lexington Avenue
Attention: Liliana Izquierdo
Senior Portfolio Associate, DG/NAO

For the Contractor:

Krishna Paudel
Executive Coordinator
ForestAction
Satdobato Lalitpur
GPO Box 12207
Nepal
nava@forestaction.org

7. SUPERSEDING EFFECT




This Contract supersedes all prior oral agreements or written contract, if any, between the Contractor and UNOPS, constituting the entire agreement with respect to the Service.

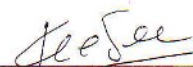
In witness of these terms and conditions, the parties execute this Contract.

For and on behalf of UNOPS:

For and on behalf of the Contractor:

Signature
Name
Title


Francis Ronquillo
Chief, Development Group Cluster


Krishna Patel
Executive Coordinator

Date

22/1/2013

23/1/2013

ANNEX I - UNOPS CONDITIONS OF SERVICES

1-Contractor's Status In all matters relating to this Contract, the Contractor shall be acting as an independent contractor. Neither the Contractor nor its employees are the employees of UNOPS. The Contractor assumes all liabilities or obligations imposed by any law or regulation with respect to such employees. The Contractor shall not have the authority to create any obligation on behalf of UNOPS and shall not represent itself as an agent, employee or in any other capacity of UNOPS. The Contractor shall be responsible for the professional and technical competence of its employees, who shall be expected to respect local customs and conform to a high standard of moral and ethical conduct.

2-Damage to Persons and Property The Contractor shall indemnify and hold harmless UNOPS, its officers, agents, employees and servants from and against all suits, claims, demands, proceedings, and liability of any nature or kind, including costs and expenses, for injuries or damages to any person or any property whatsoever which may arise out of or in consequence of acts or omissions of the Contractor or its agents, employees, servants or subcontractors in the execution of this Contract.

3-Intellectual Property Rights All intellectual property and other proprietary rights, including but not limited to patents, copyrights and trademarks, in all countries, with regard to maps, drawings, photographs, mosaics, plans, manuscripts, records, reports, recommendations, estimates, documents and other materials, except pre-existing materials, publicly or privately owned, collected or prepared as a consequence of or in the course of the performance of this Contract, shall become the sole property of UNOPS. The Contractor shall hold harmless and fully indemnify UNOPS from and against all claims and proceedings for infringement of any patent rights, design trademark or name or other protected rights resulting from Contractor's performance.

4-Confidentiality All maps, drawings, plans, reports, documents and all other data compiled by or received by the Contractor under the Contract shall be the property of UNOPS, shall be treated as confidential and shall be delivered only to the duly authorized representative of UNOPS upon completion of the Services.

5-Advertising The Contractor shall not advertise or otherwise make public the fact that it is performing, or has performed services for UNOPS or use the name, emblem or official seal of UNOPS or the United Nations or any abbreviation of the name of UNOPS or the United Nations for advertising purposes or any other purposes.

6-Modifications Any modification or change to this Contract shall require an amendment in writing between both parties duly signed by the authorized representatives of the Contractor and UNOPS.

7-Sub-contracting and Assignment of Contract The Contractor shall not sub-contract the Services or otherwise assign, transfer, pledge or make other disposition of this Contract or any part thereof or any of the Contractor's rights, claims or obligations under this Contract.

8-Termination UNOPS may terminate this Contract for cause or convenience in the interest of the UNOPS upon not less than fourteen (14) days written notice to the Contractor. Upon termination of this Contract, the Contractor shall take immediate steps to terminate his performance of the Contract in a prompt and orderly manner and to reduce losses and to keep further expenditures to a minimum. Unless such termination has been occasioned by the Contractor's breach of this Contract, the Contractor shall be entitled to be paid for the part of the Services satisfactorily completed as of the date of termination, plus substantiated costs resulting from commitments entered into prior to the date of termination as well as any reasonable substantiated direct costs incurred by the Contractor as a result of the termination, but shall not be entitled to receive any other or further payment or damages.

9-Privileges and Immunities Nothing in or relating to this Contract shall be deemed a waiver of any of the privileges and immunities of the United Nations of which the UNOPS is an integral part.

10-Settlement of Disputes Any controversy or claim arising out of or in connection with provision of this Contract or any breach thereof, shall, unless resolved through direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules then in force. UNOPS and the Contractor shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

ANNEX II – TERMS OF REFERENCE (TOR)**Deliverable No. 1****Assessment of key policies and measures to address the drivers of deforestation and forest degradation in Nepal, and linkages to national REDD+ process (REDD Cell, Ministry of Forest and Soil Conservation) Nepal National REDD+ Readiness Process****Background**

The REDD+ process in Nepal is advancing mainly under the leadership of the REDD Cell. The work is being carried out in three main areas primarily under the funding provided by the FCPF: 1) analytical work on reference levels and MRV; 2) analytical work on carbon rights; 3) Strategic Environmental and Social Assessment (SESA); and 4) political economy analysis. Most of this work is at an early stage but likely to progress significantly over the next year¹. The REDD Cell is also coordinating inputs into the strategy process from pilot REDD+ activities and existing development partner activities that focus on forest sector development at the local and regional level (e.g. the Hariyo Ban Project). Over the next year the government is planning to try and draw these different aspects together in order to start to build the national REDD+ strategy.

A number of gaps in the current strategy development process have been identified by the REDD Cell and other stakeholders. One of these surrounds more detailed analytical work on identifying the drivers of deforestation and degradation, building on the initial analysis carried out as part of the R-PP development process. Such an analysis is likely to be important for Nepal in order for the country to develop effective policies and measures to address deforestation and degradation, and enable it to respond adequately to the UNFCCC agreements on REDD+. Addressing these drivers is also important for the country, as the conservation of forests and associated resources are an important part of national development objectives. Considerable work has been undertaken on the drivers of deforestation in Nepal, and at least one study is near completion that will feed into the REDD+ process.

This work will build from the existing knowledge on drivers of deforestation and degradation, to look in more detail at a number of policies and measures that could be implemented in the context of the REDD+ strategy process. At the same time it will analyse how effectively the current strategy development process is taking into account drivers in different regions of the country. This should provide recommendations in terms of the areas in which the strategy process can be strengthened to make it more effective in addressing drivers. It will also provide material that can feed into a more comprehensive outline within the future REDD+ strategy of the policies and measures that Nepal might implement to address drivers.

Objective of consultancy

The Objective of this work is to:

- Evaluate in detail a number of policies and measures that can be implemented to address priority drivers of deforestation in Nepal, building from existing studies on the drivers for deforestation and degradation;
- Identify where and how gaps between the REDD+ policy process and strategies to address drivers can be addressed;

¹ In the main, TORs for these pieces of work have been produced but no actual work has been carried out



- Propose recommendations that can be used to elaborate the priority policies and measures as part of the REDD+ strategy process.

Tasks to be performed

To achieve the stated Objective, the following indicative activities are anticipated:

- Carry out a desk review to take stock of any existing information and data on drivers and causes of deforestation and forest degradation in the Terai (and other regions as appropriate, tbd), covering all categories of forests;
- Building on recommendations from existing work on drivers, determine which drivers are a priority to be addressed and the potential responses being suggested (policies and measures);
- Evaluate the different policies and measures that may be implemented in order to address priority drivers (focusing on a 2-3 main policies and measures) from an effectiveness, efficiency and equity perspective (including, where possible a robust economic analysis that can feed into the strategy and which complements the finance/benefit sharing study). In addition to evaluating existing studies, the prioritization process should also draw on inputs from key stakeholders;
- Prepare a draft report that details the analysis and proposes short- to mid-term policy options for implementing policies and measures in the context of the REDD+ strategy;
- Conduct national consultation meetings at national and regional levels on the draft report to seek stakeholders' inputs and support;
- Improve the draft report based on inputs received from the stakeholder consultation meetings;
- Participate in the national and regional validation meetings organized by the REDD Cell and UN-REDD Programme to ensure stakeholders' buy-in and actions on assessment findings, policy options and recommendations; and
- Submit a final version of the report incorporating all inputs and pledged actions by stakeholders from the national and regional validation meetings.

Outputs

- Output 1. Work plan, outline including key issues to be covered, methodology and list of people/organizations to be interviewed (25%)
- Output 2. Assessment and first draft (25%)
- Output 3. Improved draft including consultation report annexes based on two consultations (national and local) (20%)
- Output 4. Participation in validation meeting and final draft incorporating meeting findings (30%)

Duration and Indicative Timing

This work will require approximately 60 days, commencing in January 2013, and the overall timeframe of this work is six months. The first output will be due after 30 working days of commencement, and the second output after three months. The third output should be delivered within five months.

Deliverable No. 2

Assessing options for the design of an effective, efficient and equitable fund management system for REDD+ finance in Nepal (REDD Cell, Ministry of Forest and Soil Conservation)
Nepal National REDD+ Readiness Process

Background

The REDD+ process in Nepal is advancing mainly under the leadership of the REDD Cell. The work is being carried out in three main areas primarily under the funding provided by the FCPF: 1) analytical work on reference levels and MRV; 2) analytical work on carbon rights; and 3) Strategic Environmental and Social Assessment (SESA). Most of this work is at an early stage but likely to progress significantly over the next year². The REDD Cell is also coordinating inputs into the strategy process from pilot REDD+ activities and existing development partner activities that focus on forest sector development at the local and regional level (e.g. Hariyo Ban). Over the next year the government is planning to try and draw these different aspects together in order to start to build the national REDD+ strategy.

There are a number of gaps among these activities, where it will be important to make more progress in order to develop the national strategy. One of these areas surrounds REDD+ financial management at the national level, which links to the issue of 'benefit sharing' in REDD+. A system will need to be designed to manage and channel positive incentives from REDD+ to fund forest management activities. The R-PP and other early work³ drawing on lessons from existing funding systems has suggested various fund management options, such as establishing a national REDD+ Trust Fund. Some of the pilots have also established trust funds at the local level, but it is not clear how or whether such a model could be incorporated into the national financing system.

The management of public climate change finance has also received some attention beyond REDD+. For example, studies produced last year looked at how climate finance could be incorporated into national or sectoral budgets, or be delivered through stand alone mechanisms such as trust funds⁴. These issues have started to be discussed by the Ministry of Environment. The work has not considered explicitly considered how, or whether, positive incentives from REDD+ could be incorporated.

The aim of this work will be to consider in more detail how future REDD+ finance at the national level could be managed, taking into account questions about its relationship to national fiscal management policies, the pilot activities and the likely priority forest management approaches that will be supported by the REDD+ system. Such a system should also clearly take into account the results-based approach that underlies the concept of REDD+. It will draw on existing data to provide an evaluation of the options in terms of their likely efficiency, effectiveness and equity. The work will be used to inform work on financial mechanisms as part of the national REDD+ strategy.

Goal and objective

The overall goal of this work is to support the REDD Cell in the preparation of an efficient, effective and equitable national REDD+ strategy by providing targeted support in a key area of the strategy development process.

The specific objective of the work is to assess options for the design of an effective, efficient, equitable and results-based fund management system for REDD+ finance in Nepal, and make recommendations and communicate these in a way that ensures constructive integration into the REDD+ strategy process.

Tasks to be performed

² In the main, TORs for these pieces of work have been produced but no actual work has been carried out

³ E.g. ForestAction Nepal: REDD+ Payments and Benefit sharing www.forestaction.org

⁴ E.g. Bird, N (2011) The future of climate finance in Nepal. www.odf.org.uk/resources/docs/7191.pdf

The work will be carried out through a combination of desk research, expert discussion and consultation with key stakeholders.

The approach is likely to include the following indicative activities, but these should be confirmed during the work-planning phase of the consultancy:

1. Review existing work on options for managing REDD+ and climate finance. This should focus on Nepal but also reflect briefly on international experience in order to frame the work.
2. Analyze national financial management systems that are relevant for the implementation of REDD+ (e.g. fiscal management systems in the forest and natural resource sectors, and other sectors relevant to REDD+)
3. Consider scenarios of the levels of finance that may be channeled through the financial system (e.g. based on carbon price) and how different levels may influence design
4. Consider how to establish a clear linkage to result-based actions, and how to effectively reward such actions.
5. Consider how financial management may be linked to the broader REDD+ safeguards information system particularly in the areas of managing financial risks (e.g. corruption) and ensuring full and effective participation;
6. Develop options and recommendations for managing REDD+ finance, taking into account current thinking on the policies and measures likely to be implemented as part of the national REDD+ strategy and other relevant aspects of the strategy, such as the link to safeguard information systems. This should also take into account ongoing policy reform processes (e.g. forest sector strategy; biodiversity strategy; low carbon strategy etc.).
7. Working with the REDD+ Cell and UN-REDD to ensure the outputs are in a format that can be incorporated into the REDD+ strategy.

The above activities should use a framework that considers the likely efficiency, effectiveness, equity and results-based implications of the different options.

The work should draw on detailed discussion, through expert interviews and consultations with key stakeholders working on these issues.

Outputs

Output 1	Work plan, outline including key issues to be covered, methodology and list of people/organisations to be interviewed (25%)
Output 2	Assessment and first draft (25%)
Output 3	Improved draft including consultation report annexes based on two consultations (national and local) (20%)
Output 4	Participation in validation meeting and final draft incorporating meeting findings (30%)

Duration and Indicative Timing

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