

## Piloting Payment for Ecosystem Services: The Himalayan Community Carbon Project (HCCP)



### What Makes Our Project Special

- It improves the lives of women, the poor and the most marginalized people in rural Himalayan communities.
- It addresses the different development needs of communities across large land areas.
- It builds on over two decades of community-based forest management and the experience of the Rupantaran Nepal team.
- It is replicable and can be extended to thousands more communities and benefit over one million rural poor people across Nepal.
- It conserves the great Himalayan watershed and makes the environment more secure for millions of people in South Asia.



### Context

Since 2010 Rupantaran Nepal has been developing a pilot project that will assist rural communities in Nepal to engage with and benefit from international voluntary markets for ecosystem services, especially markets for CO<sub>2</sub> emissions reduction. The result of this is the Himalayan Community Carbon Project (HCCP).

HCCP has been prepared in line with the Ministry of Forests and Soil Conservation's Readiness Preparation Proposal (RPP) which encourages such piloting for developing capacities and experience that could be scaled-up in future for Nepal's REDD strategy. It is a registered project with the Government of Nepal's REDD Cell.

### Project Design

HCCP was developed through a transparent and participatory process involving stakeholders at all levels from central government (REDD Cell) to communities and households in the pilot areas. Project development followed the guidelines prepared by the UK based Plan Vivo Foundation. This included preparation of a Project Idea Note (in 2010); local and national level consultations and awareness raising; capacity development; information gathering (including forest inventory and carbon stock assessment) and finally, preparation of a Project Design Document (completed in 2012).

Before HCCP can become fully operational for generation and sales of Plan Vivo certificates, the project documents will be subject to technical peer review and on-site verification. Both will be carried out by internationally recognized reviewers approved by Plan Vivo, to ensure that the project complies with the internationally recognized Plan Vivo Standard.



## Aims and Objectives

The aim of HCCP is to enhance livelihoods and reduce the vulnerability of poor people in the pilot communities through sustainable management of forests and equitable distribution of benefits. The specific objectives are:

- To assist rural communities to access financial resources from payment for ecosystem services (PES)
- To develop capacities of local communities, government and non-government stakeholders to engage in PES
- To generate experience and learning that will contribute to Nepal's national REDD strategy

## Approach and Methodology

HCCP addresses the dual challenge of poverty and climate change. The project will generate funds through the sales of Plan Vivo certificates, which represent reduced carbon emissions from controlled deforestation and degradation as well as carbon capture from plantation and improved forest management through the actions of local forest user groups. The funds generated will be used for tackling poverty and improving the livelihoods and climate resilience of the poorest and most disadvantaged households in those communities.

HCCP takes a landscape approach. All forest patches within the administrative unit of the Village Development Committee are combined for the purposes of estimating carbon emissions reductions and carbon capture. This allows many scattered patches of forest under different management regimes and ownership (including community forest, government-managed forest and private forest) to be combined and limits the possibility of leakage. It also reduces transaction costs and strengthens the capacity and role of existing multi-stakeholder institutions (village coordination committees) for equitably distributing the benefits and for monitoring activities on the ground.

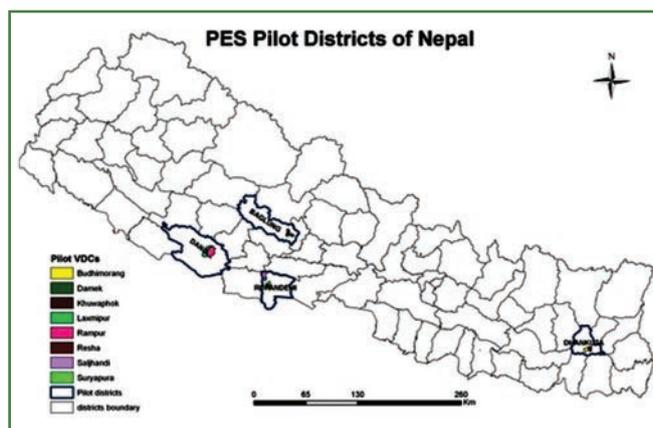
At national level HCCP will be coordinated by Rupantaran Nepal, whose role includes marketing and sales of Plan Vivo Certificates, channeling of funds from sales back to the pilot VDCs and communication as well as coordination with Plan Vivo and carbon buyers. Rupantaran Nepal also provides technical support to HCCP.

Plan Vivo is responsible for issuing certification and guiding the HCCP through marketing as well as regular monitoring and third party verification to ensure that the internationally recognized Plan Vivo Standard is being met.

## Project Site

The initial piloting phase of HCCP covers two Village Development Committees in each of the four districts (Dhankuta, Rupandehi, Baglung and Dang). There are 15,431 households in the eight pilot sites with a population of approximately 77,000 people of whom about 25% have been classified as being poor and about 25% as very poor through participatory well-being ranking. These are the target groups for the project.

Forest in the pilot sites were classified into dense, medium and sparse using Landsat images. 198 sample plots were then used to calculate actual growing stock. The total forest area covered in the eight pilot VDCs is about 17,730 ha of which 29% is in dense, 52% in medium and 19% in sparse condition. The present carbon stock varies between about 17 tonnes/ha in the sparsest forest to about 115 tonnes/ha in the densest forests.



Forests are under different management regimes in the pilot sites, with the majority under the management of local community forest user groups as community forests. Forest type varies from sal (*Shorea robusta*) at lower altitudes to chir pine (*Pinus roxburghii*) and katus-chilaune (*Castanopsis* spp. and *Schima wallichii*) at higher elevations based on the sample plot data.

### Project Activities

Communities in the pilot areas will carry out a number of activities aimed at reducing carbon emissions and increasing the carbon stocks of their local forests as well as improving the livelihoods of poor people. These include:

- Tree planting, enhancing natural regeneration and forest management operations for enhancing carbon stocks in the forests.
- Fire control, grazing control, soil erosion control and prevention of illicit cutting and encroachment to reduce carbon emissions through forest degradation.
- Livelihoods support activities such as fruit tree planting, small enterprise establishment and provision of loans for poor households to enable them to get out of poverty and reduce their dependency on forests.
- Capacity and awareness development for local forest user groups to enable them to be more effective forest managers and more equitable and inclusive local institutions.

### Anticipated Results

Additionality of the project can be measured in terms of the CO<sub>2</sub> emissions reduction and carbon capture that it will achieve. Using a percent-increment model, where projected growth is a factor of current growing stock and estimating forest growth with and without the project, we have calculated the additionality of HCCP over 10 years as 1.87 million tonnes of CO<sub>2</sub>. This takes into account a 10% leakage and a 10% risk buffer as well. Detailed figures have been estimated for each of the pilot sites using the calculated growing stocks from the forest inventory.

If the value of all this CO<sub>2</sub> can be realized through the sales of Plan Vivo certificates then this would generate about \$ 11.2 million over 10 years (assuming a sale price of \$7 per tonne). Of course since carbon markets are volatile; prices will vary considerably over the ten year period and cannot be predicted accurately.

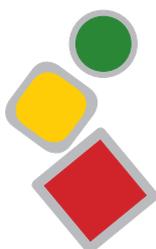
Plan Vivo certificates generated through this project will be issued, tracked and retired through the MARKIT environmental registry (<http://www.markit.com>) and will be available for purchase directly from the HCCP or from the Plan Vivo resellers. By purchasing these certificates you will have the assurance that you are contributing to offsetting your CO<sub>2</sub> emissions in a way that not only conserves the forests of the Himalayas but also that in doing so you are improving the livelihoods of the poor and most disadvantaged rural people who depend on them.





### About Rupantaran Nepal

Rupantaran Nepal is an independent non-profit organization established in 2009 by a group of development professionals and social activists working in Nepal. It builds on experiences, expertise, and systems of more than 20 years, coupled with modern innovativeness to become a competent, professional, and value-based institution that will contribute to improving livelihoods of poor and excluded communities.



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