



Nepal becomes first Asian country to sign LEAF Coalition Agreement

- *Nepal set to receive up to \$55 million in climate finance to support national efforts to tackle deforestation from the LEAF Coalition.*
- *First country to make credits available with corresponding adjustments to LEAF Coalition buyers for use in compliance markets.*
- *The agreement will include significant volumes of removals credits.*

23 January 2026 | Kathmandu: Nepal's government today signed a landmark deal to receive up to \$55 million in climate finance from the LEAF Coalition, rewarding its efforts to tackle deforestation.

Nepal becomes the first Asian country to sign an agreement to receive finance from LEAF, an innovative global public-private initiative comprising over 30 major companies and the governments of Norway, United Kingdom, United States and Republic of Korea.

By signing the agreement, the Government of Nepal has renewed Nepal's longstanding commitment to protecting and restoring its forests via its jurisdictional REDD+ (JREDD) program. The agreement was marked at a special event in Kathmandu today, which was supported by Environment Defense Fund and attended by over 100 stakeholders from government, Indigenous Nationalities, local communities and forest user groups.

Nepal also becomes the first government to make correspondingly adjusted credits available to private sector buyers via LEAF, enabling use for compliance schemes, such as the Singapore Carbon Tax, or the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Up to 25% of credits for the private sector will be available with corresponding adjustments.

Once heavily grazed by livestock and overexploited for firewood, Nepal's forests, now benefit from partnerships between provincial Division Forest Offices and community groups, implementing management plans to sustainably extract resources. As a result, Nepal's forest cover has now reached over 46% of its total land area, a figure the country aims to continue



to increase further through community management efforts and strong policy and legal frameworks.

Nepal is home to 59 Indigenous nationalities (Adivasi Janajati), which make up nearly 36% of the country's population. Since September 2022, the government has actively engaged stakeholders to build knowledge of the ART TREES standard and the LEAF Coalition through a range of events across the country. Between 2024 and 2025, a series of 53 consultation events, covering topics including Nepal's draft Benefit Sharing Plan, grievance and redress mechanisms, and safeguards were completed. The government is currently conducting further stakeholder consultations at the municipal level to finalize its benefit sharing plan, with 100 events completed in late 2025 and 50 more planned for 2026.

According to the Nepal government, funds from the LEAF agreement will support the country in achieving its Nationally Determined Contribution (NDC) by contributing to local community development, forest quality enhancement, and biodiversity conservation, while benefiting a substantial portion of the 3 million+ households engaged in community forest management in Nepal.

Due to its success in increasing forest cover, Nepal aims to make millions of tonnes of high-integrity¹ emissions removals and reductions credits available to LEAF buyers from the years 2022 to 2026, via the agreement signed with Emergent, the coordinator of the Coalition. The governments of the U.K. and Norway will provide a purchase guarantee for an initial volume of 1 million reductions and removals credits. Additional credits will be made available for corporate buyers for an extended purchase window, with final volumes transacted dependent on the number of credits issued. This approach has simplified the process of signing the agreements with Nepal, while providing private sector buyers with greater flexibility on the timing of credit purchases. Emergent anticipates that this will lead to greater overall corporate demand, driving higher volumes of climate finance to protect Nepal's tropical forests. Overall Emergent calculates that the agreement could deliver up to \$55million in funding for Nepal.

The agreement covers the forward purchase of high-integrity forest carbon credits from Nepal's government-led program to reduce emissions from deforestation and forest

¹ Credits are independently verified and validated to ensure they meet the robust criteria of the Architecture for REDD+ Transactions (ART)'s standard TREES, which ensures the highest standards of environmental integrity and social safeguards. <https://www.artredd.org/trees/>



degradation. Credits will only be issued and available for sale following independent verification and validation, demonstrating that they meet the robust criteria of ART's

standard TREES², which ensures the highest standards of environmental integrity and social safeguards.

The total potential value of LEAF deals for forest governments now stands at over \$325 million, with Nepal following Costa Rica, Ghana, the Brazilian State of Pará and Ecuador in signing agreements.

Secretary Dr. Govinda Sharma, Secretary, Ministry of Forests and Environment of Nepal said. 'Becoming the first country in Asia to sign a LEAF Coalition deal, demonstrates the progress we have made in Nepal in restoring and expanding our forests. We have worked for many years to reach this point, bringing stakeholders together to develop community-based forest management programs, which draw on the traditional and customary knowledge of our people. We have strived to build an inclusive national REDD+ program that shares benefits with those involved in fighting forest loss. Finance from the LEAF Coalition brings the prospect of rewarding stakeholders including Indigenous Peoples and forest communities for their efforts. We are particularly proud to be the first country to offer credits with corresponding adjustments to LEAF private sector buyers and look forward to securing significant levels of demand.'

Eron Bloomgarden, CEO of Emergent said. 'We are delighted to be partnering so closely with Nepal to help them to unlock finance from the country's successful forest protection efforts and hope to continue this working relationship in the long term. This agreement shows that healthy forests, managed in partnership with Indigenous Peoples and local communities can provide a valuable and sustainable source of income.

'LEAF buyers can now choose high-quality forest carbon credits from five countries across three continents, with further options on the way. Nepal is also the first country to offer

significant volumes of removals credits and to authorize credits with corresponding adjustments, opening up the opportunity for LEAF buyers to use high-integrity jurisdictional REDD+ credits towards international compliance schemes. We believe more countries will

² <https://www.artredd.org/trees/>



consider this option as they look to attract the international finance needed to support a just and inclusive transition to low carbon economies.'

Buddha Gharti Bhujel- Senior Vice President and REDD Focal Person of the Nepal Federation of Indigenous Nationalities (NEFIN) said. 'We are pleased to see the progress that the government is making with consultations in developing benefits sharing plan and are optimistic that proceeds from the LEAF Coalition will be shared fairly with Indigenous peoples and local communities whose traditional knowledge and practice plays such an important role in protecting our forests.'

Mr. Thakur Bhandari, President of Federation of Forests User's Group Nepal (FECOFUN): 'It is the community forest users' groups who are at the forefront of conserving and restoring the forest, working hard, using our knowledge and skills, protecting our home. We hope that this agreement with LEAF will bring in the finance to reward this work and help us to do more in the future. We have been pleased to participate in the consultations that the government has run on various safeguards aspects including benefits sharing plan development and feel that our voices are being listened to. As an umbrella organization of community forest user groups, FECOFUN looks forward to the final benefit sharing plan and an equitable share for all involved in protecting our precious forests.'

'We warmly welcome Nepal's agreement to work with the LEAF Coalition to access finance to supports its efforts to preserve and restore its forests,' said Rob Fenn, UK Ambassador to Nepal. 'This is a major step forward in the effort to combat deforestation and protect vital ecosystems both in Nepal and more widely. The UK is proud to support the LEAF Coalition and stands with countries like Nepal that are taking bold action to preserve their forests and address climate change. Crucially, the funds from this agreement will help build sustainable livelihoods for communities and Indigenous Peoples, ensuring that forest conservation goes hand in hand with inclusive, long-term development.'

'I am happy that Nepal has signed this important agreement with the LEAF Coalition. is showing leadership and commitment to reducing emissions from deforestation and forest

degradation. We are proud to support Nepal's leadership and the communities that are delivering real, measurable climate results while improving livelihoods.'



Dagny Mjøs, Norway's Ambassador to Nepal said. 'We congratulate the Government of Nepal on this groundbreaking agreement to receive climate finance from the LEAF Coalition. The Government of Nepal has made great strides to tackle deforestation and

increase tree cover and have ambitious plans to go further. Norway is proud to support this agreement which shows how long-term commitment and international cooperation can drive meaningful action for climate and bring real impact for people and communities on the ground.'

Joint Secretary and Chief of REDD IC, Nabaraj Pudasaini, underscored REDD IC's role as the key implementing agency for Nepal's jurisdictional REDD+ program. He confirmed that, with support from FRTC, the TREES Monitoring Report will be submitted soon and reaffirmed Nepal's commitment to meeting first delivery requirements under the LEAF Coalition Agreement. He noted the completion of key readiness milestones—including the TRD Report, REDD+ Strategy 2025–2034, Summary of Information, and FPIC Guideline—and acknowledged the essential role of Indigenous Peoples and Local Communities. Pudasaini emphasized that upcoming efforts will focus on reduced deforestation and degradation, restoration, and sustainable forest management through collaboration with IPLCs and all three tiers of government.

Sudha Khadka, Nepal Country Director of RECOFTC said. 'We congratulate the government and people of Nepal as well as Emergent in signing this landmark agreement. The country has made great strides in recent years to protect forests through effective policy and strong partnership at the local level. Finance from this agreement will reward this success and help fund future efforts to build a sustainable economy based on healthy forests.'

Nepal's Government was supported with legal advice from Semanta Dahal of Abhinawa Law Chamber. Latham & Watkins LLP acted as US counsel for Emergent.

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Notes to Editors

The LEAF Coalition

Launched during President Biden's Leaders Summit on Climate in April 2021, the LEAF Coalition aims to build a market for high-integrity REDD+ emissions reductions and removals from large-scale schemes operated by national or subnational governments (known as the Jurisdictional REDD+). LEAF ensures the highest environmental and social integrity of REDD+



results by only purchasing credits issued by ART as verified to meet requirements of its TREES standard. This builds buyer confidence and trust by ensuring the highest levels of environmental integrity and social safeguards, particularly for Indigenous peoples and local communities.

Emergent

Emergent is a US non-profit that serves as a transactions platform engaging between tropical forest countries and the private sector to mobilize finance to support emissions reductions from deforestation. It does this by developing and bringing practical, credible and large-scale forest protection solutions to market. Emergent serves as the coordinator of the LEAF Coalition.

ART TREES

ART is a standalone, independent program that develops and administers standardized procedures for crediting emissions reductions and removals from national and large subnational REDD+ programs. ART's standard for the measurement, monitoring, reporting and verification of emissions reductions and removals from the forest sector – The REDD+ Environmental Excellence Standard, known as TREES – represents the next step in the evolution of global efforts to protect and restore tropical forests. TREES supports transformational climate action at scale, while upholding rigorous social and environmental integrity.