

Document of  
The World Bank

Report No. 78209-NI

READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 3.6 MILLION

TO THE

REPUBLIC OF NICARAGUA

FOR

REDD+ READINESS PREPARATION SUPPORT  
FROM THE FOREST CARBON PARTNERSHIP FACILITY

---

Vice President: Hasan A. Tuluy

Country Director: Carlo Felipe Jaramillo

Sector Director r: Ede Jorge Ijjasz-Vasquez

Sector Manager: Laurent Msellati

Task Team Leader: Augusto Garcia

---

---

This document is being made publicly available after Readiness Preparation Grant signature. This document may be updated as needed and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

---

## DATA SHEET

*Nicaragua*  
*REDD+ READINESS PREPARATION SUPPORT*

### READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

*Latin America and the Caribbean Region*

Basic Information			
Date:	June 27, 2013	Sectors:	Forestry (AT)
Country Director:	Carlos Felipe Jaramillo	Themes:	Climate Change (81)
Sector Manager/Director:	Laurent Msellati/Ede Jorge Ijjasz-Vasquez	EA Category	B
Project ID:	P120657		
Lending Instrument:	Carbon Offset/TF Grant		
Team Leader(s):	Augusto Garcia		
Date of country selection into FCPF: October 20, 2008			
Date of Participation Agreement signed by Country: November 24, 2008			
Date of Participation Agreement signed by Bank: January 13, 2009			
Date of R-PP Formulation Grant Agreement signature: August 31, 2011			
Expected Date of Readiness Preparation Grant Agreement signature: December 26, 2013			
Joint IFC: N/A			
Project Implementation Period:	Start Date: December, 2013	End Date:	October, 2017
Project Financing Data			
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
<b>For Loans/Credits/Others (US\$M):</b>			
Total Project Cost :US\$ 11.12 million		Total Bank Financing :	US\$3.6 million
Total Co-financing : US\$ 0.85 million		Financing Gap :	US\$6.67 million
Financing Source FCPF Readiness Fund	Amount		
BORROWER/RECIPIENT: Republic of Nicaragua			
FCPF:	<b>US\$ 3,600,000</b>		
GIZ:	<b>US\$ 345,000</b> (for the first 18 months of R-PP implementation; expected to be US\$1.5 million until 2016)		
USAID:	<b>US\$ 500,000</b> (for the first 18 months of R-PP implementation; expected to be US\$1.5 million until 2016)		
Financing Gap	<b>US\$ 6,673,000</b> (expected to be reduced to US\$ 4.5 million)		
Total	<b>US\$11,118,000</b>		

Regional FCPF Trust Fund Number:TF093616

FCPF Country Child Trust Fund Number:TF099264

---

Recipient: Republic of Nicaragua

---

Responsible Agency: Ministry of Environment and Natural Resources (MARENA)

---

Contact: Ms. Juanita Argeñal

Title: Minister

Telephone No.: (505) 2263 1273

Email: jargenal@marena.gob.ni

---

---

### **Clearances to the Readiness Preparation Proposal Assessment Note**

---

Sector Manager: Laurent Msellati, December 16, 2013

Regional Safeguards Coordinator: Glenn Morgan, December 13, 2013

Social Safeguards Specialist: Mi Hyun Bae, December 3, 2013

Environmental Safeguards Specialist: Abdelaziz Lagnaoui, December 3, 2013

Legal Counsel: Julius Thaler, December 2, 2013

Procurement Specialist: Francisco Rodriguez, November 27, 2013

Financial Management Specialist: Enrique Roman, November 27, 2013

---

## **PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE**

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP.

## **ABBREVIATIONS AND ACRONYMS**

ANACC	National Association on Climate Change
AMUNIC	Association of Municipalities of Nicaragua
CCAD	Central American Commission on Environment and Development
CCF-A	Forest and Environmental Consultative Committee (RAAN)
DA	Designated Account
DL	Disbursement Letter
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FMT	Facility Management Team of the FCPF
FONADEFO	National Forest Development Fund
GEF	Global Environmental Fund
GHG	Green House Gases
GON	Government of Nicaragua
GRAAN	Government of the North Atlantic Autonomous Region
GRAAS	Government of the South Atlantic Autonomous Region
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFR	Interim Financial Report
INAFOR	National Forestry Institute
INETER	National Institute for Territorial Studies
Ha	Hectare
ILO	International Labor Organization
LULUCF	Land Use, Land Use Change, Forests
MAGFOR	Ministry of Agriculture and Forests

MARENA	Ministry of Environment and Natural Resources of Nicaragua
MEM	Ministry of Energy and Mining
MHCP	Ministry of Finance and Public Credit
MIFIC	Ministry of Industry and Commerce
MRV	Measurement, Reporting and Verification
MTI	Ministry of Transport and Infrastructure
NFP	National Forest Program
NFMS	National Forest Monitoring System
NGO	Non-governmental organization
PC	FCPF Participants Committee
PCN	Council of Indigenous Peoples of the Pacific-Central-Northern region of Nicaragua
RAAN	Northern-Atlantic Autonomous Region of Nicaragua
RAAS	Southern-Atlantic Autonomous Region of Nicaragua
REDD+	Reducing Emissions from Deforestation and Forest Degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL/RL	Forest Reference Emission Level / Reference Level
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
SBSTA	Subsidiary Body for Scientific and Technological Advice, under the UNFCCC
SERENA	Secretariat of Natural Resources (in RAAN and RAAS)
SESA	Strategic Environmental and Social Assessment
SIGFA	Integrated Administrative and Financial Management System
SOE	Statement of Expenses
UNDRIP	United Nations Declaration of the Rights of Indigenous Peoples
UNFCCC	United Nations Framework Convention on Climate Change
WBS	World Bank System
yr	Year

**NICARAGUA**  
**REDD+ Readiness Preparation Support**

**CONTENTS**

- I. Introduction and Context**
  - A. Country Context
  - B. Sectorial and Institutional Context
  - C. Relationship to CAS
  
- II. Proposed PDO Results**
  - A. Proposed Development Objective(s)
  - B. Key Results
  
- III. Project Context**
  - A. Concept
    - 1. Description
    - 2. Key Risks and Issues
  - B. Implementing Agency Assessment
  - C. Project Stakeholder Assessment
  
- IV. Overall Risk Ratings**
  
- V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date**
  
- VI. Assessment Summary**
  - A. Technical
  - B. Financial Management
  - C. Procurement
  - D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)
    - 1. Social (including Safeguards)
    - 2. Environmental (including Safeguards)
    - 3. Consultation, Participation and Disclosure
    - 4. Safeguards Policies Triggered

**Annex I: Operational Risk Assessment Framework (ORAF)**

**Annex II: FCPF Grant – Results Framework and Monitoring**

**Annex III: Detailed description of project activities**

**Annex IV: Preparation Schedule and Resources**

**Annex V: R-PP Submitted by the REDD Country Participant**

**Annex VI: Procurement**

**Annex VII: Synopsis of proposed Readiness Preparation activities, and budget breakdown**

**Annex VIII: Additional background on the Forest Carbon Partnership Facility (FCPF)**

**Annex IX: Financial Management**

**Annex X: Participation and early dialogue Matrix (based on the stakeholders map)**

**Annex XI: Functional Scheme for the REDD+ Levels**

## NICARAGUA

### REDD+ Readiness Preparation Support

#### I. Introduction and Context

##### A. Country Context

1. **With a Gross National Income (GNI) per capita of US\$1,510 in 2011, Nicaragua is one of the poorest countries in Latin America.** Although the situation has improved recently, approximately 42 percent of the country's 6.0 million inhabitants<sup>2</sup> still live below the poverty line and one out of every seven live in extreme poverty. Indigenous peoples and ethnic communities, who account for approximately 5 percent of the total population, have particularly experienced deprivation and social exclusion along the country's history. More than half of Nicaraguans live in urban areas (57 percent), yet poverty remains largely a rural phenomenon. Importantly, the country's economic performance has improved over the last decade resulting in moderate growth of roughly 3.2 percent per annum. Following the 2008-2009 global economic crisis, Nicaragua has had a stronger economic recovery than its Central American neighbors, and at 5.4 percent in 2011, its growth rate was the second highest in a decade. In 2012, the Nicaraguan economy grew 5.2 percent<sup>3</sup>. The challenge over the longer term is to sustain higher growth rates to accelerate poverty reduction through sustainable improvements in productivity and consequently income growth across the population.
2. **Also, Nicaragua is highly vulnerable to disasters and other external shocks, which threaten recent development gains.** Nicaragua ranks second among countries most affected by tropical storms and 30th among countries most affected by earthquakes, according to the UN's Global Report on Reducing Disaster Risk. Nicaragua has the 26th highest economic risk exposure to two or more hazards, according to the Natural Disaster Hotspot study by the World Bank. It is estimated that 10percent of Nicaragua's territory is exposed to natural hazards, including low frequency, high-impact events such as earthquakes, volcanic eruptions, hurricanes, and high-frequency, but lower-impact events such as floods and landslides<sup>4</sup>.
3. **Nicaragua has an important stock of forests. Approximately 30 percent of the country is covered by forests (approximately 3.5 million ha)<sup>5</sup>.** Of that share, 98 percent are natural forests (of which 90 percent are broad-leaf forests, and 10 percent are coniferous forests) and only 2 percent are forest plantations. A third of the natural forests are within protected areas, and 81 percent are in Jinotega (it is worth noting that much of the remaining forest in Jinotega is in the Special Zone of Alto Wangki-Bocay, with a

---

<sup>1</sup> Estimate in current US\$ (Atlas Method), World Development Indicators database

<sup>2</sup> Estimated total population (National Institute of Statistics, INIDE, June 30, 2012)

<sup>3</sup> According to the Central Bank of Nicaragua.

<sup>4</sup> Disaster Risk Management in Central America: GFDRR Country Notes. The World Bank

<sup>5</sup> Nicaragua REDD+ Readiness Preparation Proposal, R-PP, (May 31, 2013), based on the data of the National Forest Inventory (2008-2009)



unique administrative and juridical status), and mainly on the Caribbean coast<sup>6</sup> within the Northern-Atlantic and Southern-Atlantic Autonomous Regions<sup>7</sup>.

4. Almost half the forests are in the possession of indigenous communities, while 35 percent are held by private owners. Importantly, much more than 50 percent of the recent deforestation in Nicaragua has occurred in Indigenous Territories. See paragraph 11 for further details.
5. **Nonetheless, the forestry sector contributes only 1 percent to national GDP.** Since 2006, the contribution of silviculture to the economy has remained relatively stable representing 1.2 percent of Gross Domestic Product (GDP). However, wood products have been declining as a share of industrial production from 3.8 percent in 2006 to 2.1 percent in 2012. The economic potential for the forestry sector is expanding rapidly. After declining steadily from US\$18 million in 2002 to US\$5 million in 2009, exports of wood products (including sawed wood) have increased sharply through 2011 to reach US\$12 million. In 2012, this increase was slightly moderated with exports of US\$11 million. Meanwhile, Foreign Direct Investments (FDI) in the forestry sector has grown almost seven-fold during 2008-10, albeit from a low base. In addition, there is substantial, but not yet quantified, illegal and informal forestry production and exports.
6. **On the other hand, agriculture remains fundamental for Nicaragua from both a macroeconomic view and a social view.** It is one of the largest sectors of the Nicaraguan economy (19 percent of Gross Domestic Product); it remains the single biggest employer with around 30 percent of the labor force, and generates 20 percent of exports. Including processed foods, like meat and sugar, agriculture then accounts for around 40 percent of total exports. Nicaragua's agriculture sector is particularly vulnerable to external shocks and natural disasters. Despite these vulnerabilities, the sector was Nicaragua's second-largest contributor to overall growth behind manufacturing. However, today's forces for agricultural growth are not sustainable thus adding pressure on other natural resources, such as land, forests, and water. Agricultural productivity has been stagnating; the use of improved technologies in agriculture

---

<sup>6</sup> Nicaragua is a unitary republic (Article 6 of the Political Constitution). Pursuant to Article 175 of the Constitution the national territory is divided into regions, departments and municipalities. There are 15 departments and two self-governing autonomous regions. Departments and regions are then subdivided into 153 municipalities. Law 28 is the governing law for the two autonomous regions "*Región Autónoma del Atlántico Norte*" and "*Región Autónoma del Atlántico Sur*". It clearly states that the two regions enjoy their autonomy within the constitutionally defined parameters of a unitary state. In other words, an express delegation of power from the central government to the regions is a necessary prerequisite for the latter in order to exercise any powers. The municipalities within the regions need to respect the traditional communal structures to the extent possible (Article 7 of Law 28). It is noteworthy to point out that a similar provision does not exist for the municipalities in the rest of the country where, pursuant to Article 176 of the Constitution, the municipality is the basic unit of local government. Put differently, there is no legal equivalent to Law 28 requirement in the rest of the country to respect traditional communal structures, as it is the case in the two autonomous regions.

<sup>7</sup> As identified in the R-PP, the Autonomous Regions, the place where most indigenous and afro-descendent communities live, are one of the main stakeholders of the REDD+ initiative in Nicaragua.

production is still limited and Nicaragua still faces a large gap in terms of the quality of its infrastructure and logistics services that raise costs for its agricultural producers.

7. **The socioeconomic importance of Agriculture in Nicaragua is larger than its direct contribution to national income.** Poverty in Nicaragua has a largely rural face and malnutrition remains one of Nicaragua's key human development challenges. Agricultural income is vital for poor households and poverty alleviation. Poorer households with income from agriculture experienced higher growth in their incomes between 2005 and 2009. The important role that the agricultural sector has played both in economic growth and social welfare in Nicaragua has been critical in shaping agricultural policy and public expenditures over the last decade. As described in the R-PP, the agricultural frontier, where most of the poor forest dependent peoples and communities live, has been the main interface between forest and agricultural economic activities and would be one of the main target areas in any future REDD+ initiative.

## **B. Sectorial and Institutional Context**

8. **The overarching development plan of the Government of Nicaragua is the National Human Development Plan 2012-2016 (PNDH). In one of its twelve pillars, the PNDH sets forth policies to (i) protect "Mother Earth", (ii) promote climate change adaptation and mitigation.** Amongst others, the PNDH aims to contribute to human development by reinforcing respect for Nature and restoring lost habitats by educational means and instruments that help build accountability, solidarity and equity. To achieve this goal, cross-cutting themes in the PNDH are: (i) environmental life education; (ii) environment life advocacy and protection; (iii) forest development; (iv) water preservation, recovery, catchment and harvesting; (v) disaster risks mitigation and adaptation in the face of climate change; (vi) sustainable land management; (vii) environmental pollution regulation and control to preserve ecosystems and human health; and (viii) prevent environmental impacts from in-country economic activities.
9. **Responding to PNDH, the National Policy on Adaptation and Mitigation to Climate Change (PNAMCC) is another policy instrument related to REDD+.** This policy aims to reduce vulnerability and improve adaptation to climate change by (i) reducing poverty, (ii) reducing land use change in agriculture, and (iii) contributing to change the energy matrix to broader use of renewable sources. The PNAMCC is complemented with the National Environmental and Climate Change Strategy (ENACC) established for the period 2010-2015. The ENACC is the immediate strategic reference to the National Strategy of Avoided Deforestation (ENDE) under which Nicaragua proposes to develop a REDD+ Strategy; the ENDE-REDD+ strategy that is described in the R-PP.
10. **The proposed grant would support Nicaragua's objectives, policies and strategies in the sector and in the territories where deforestation and forest degradation is a key issue.** According to Nicaragua's R-PP, besides the general objectives of a REDD+

process<sup>8</sup>, the ENDE would include activities to improve sustainable livelihoods (such as agro-forestry, silvo-pastoral systems, ecological agriculture, and community forest management) and to promote co-benefits from the forests, and other goods and services produced by these ecosystems. In its R-PP, Nicaragua proposes to strengthen national, sector, and territorial development plans, as well as focus on a non-market approach that restitutes the rights of those who preserve the forests (including indigenous peoples), and help improve resilience for adaptation to climate change. Given the nature of the drivers of deforestation and forest degradation in Nicaragua, it is expected that the ENDE-REDD+ builds on the efforts of other sector policy instruments, such as the main public program for the agricultural sector, the PRORURAL sector-wide approach Program which includes the National Food Program, the National Agro-industry Program, and the National Forestry Program (NFP)<sup>9</sup>. At territorial level, the ENDE-REDD+ that would be supported by the proposed grant will take into account: (i) specific territorial strategies on climate change being developed by the governments of the North and South-Atlantic Autonomous Regions, and (ii) the Development Plan of the Caribbean Coast of Nicaragua.

- 11. Deforestation and forest degradation represent the leading environmental problem in Nicaragua. Annual deforestation rate is calculated around 76,000 Ha/year.** According to the Readiness Preparation Proposal<sup>10</sup> (R-PP) prepared by Nicaragua, the country has lost more than 20 percent of its forest cover since 1990. The R-PP identifies the following main drivers: (i) clearing for agriculture and cattle grazing, (ii) forest and agricultural fires, (iii) environmental emergencies due to natural disasters (hurricanes, mud slides, flooding, drought, forest plagues), (iv) illegal logging or illegal extraction of forest products (wood and firewood), (v) social pressure over natural resources, and (vi) invasion of indigenous territories by colonists<sup>11</sup>. The continued expansion of low-productivity, slash-and-burn systems across the agricultural frontier eastward the country - the place of the largest forests and protected areas mainly located in indigenous territories - is increased by social pressure over natural resources by poor families without land, and settlers' invasions of indigenous territories and protected areas. Nearly two million hectares are being overused by farming activities across the country. In terms of potential use or land use change, it is estimated that agriculture has seized approximately 40 percent of forest soils.
12. The R-PP proposes to address these drivers by developing the following strategic options:
- a. Strengthening institutional capacities and forest governance structures
  - b. Harmonizing the policy and regulatory framework
  - c. Promoting technological reconversion of the agriculture, fishery, and forest productive systems

---

<sup>8</sup> Eligible activities are: reducing emissions from deforestation and forest degradation; conservation, sustainable management of forests and enhancement of forest carbon stocks.

<sup>9</sup> Programa Forestal Nacional del Poder Ciudadano 2010-2014. MAGFOR/INAFOR 2010.

<sup>10</sup> Nicaragua Readiness Preparation Proposal (R-PP), updated version of May 31, 2013.

<sup>11</sup> As identified in workshops with 17 indigenous territories and in the joint Management Plan of the BOSAWAS Biosphere Reserve.

- d. Developing incentives for forest protection and conservation, and to avoid land use change
- e. Strengthening the commercial linkages and value chains of the main productive systems that are related to deforestation and forest degradation
- f. Improving territorial governance and further supporting the land regularization process in indigenous peoples' territories

## **C. Relationship to CPS**

13. The proposed grant is consistent with the World Bank Country Partnership Strategy (CPS) for the period of FY2013-2017 (Report No. 69231-NI) which was discussed by its Executive Directors on November 13, 2012. One of the two strategic objectives of Nicaragua's CPS is to raise incomes by sustainably improving productivity, competitiveness, and diversification. Under this strategic objective, the FCPF grant would contribute to promote policy alignment between the agricultural, forest, and environmental sectors. This would contribute to the dialogue on a future operation included in the CPS to continue the Bank's traditional engagement with the agricultural sector (focusing on productivity and competitiveness of agricultural exports), as well as the preparation of a project to support food security and agriculture in the Caribbean Coast, if the project proposal is approved by the Global Agriculture and Food Security Program (GAFSP).
14. In addition to this, the proposed REDD+ Readiness grant would complement and coordinate with other ongoing operations supported by the Bank, such as the Second Land Administration Project<sup>12</sup> (P121152), the Second Agricultural Technology Project (P087046), and the Hurricane Felix Emergency Response Project (P108974). Being implemented by MARENA, this project would continue building on the recent experiences and lessons learned from the GEF-financed Corazon Transboundary Biosphere Reserve Project (P085488).

## **II. Proposed PDO/Results**

### **A. Proposed Development Objective (PDO) of this Grant**

15. The Project Development Objective is to help Nicaragua become ready for future REDD+ implementation by preparing those key elements, systems, and/or policies needed, generally referred to as the "REDD+ Readiness Package", in a socially and environmentally sound manner.

---

<sup>12</sup> Note that the first Land Administration Project (P056018) helped demarcate and title 15 out of 23 indigenous territories and other complementary areas in the Caribbean Coast of Nicaragua. The REDD+ initiative would build on this experience.

16. The REDD+ Readiness Preparation grant will provide additional funding to support Nicaragua in carrying out some of the activities outlined in its R-PP, as assessed in this Note. The grant will fund only a portion of the R-PP activities, but will help Nicaragua progress towards achieving REDD+ Readiness, even though the country may not reach this stage until well after the grant closes. Based on the activities outlined in the R-PP, it is expected that the country would be able to participate in future REDD+ mechanisms.

## **B. Key Results**

17. The key results<sup>13</sup> from the proposed REDD readiness preparation grant would be the following:

- a. the ENDE/REDD+ strategy<sup>14</sup> has been developed based on consultations with relevant public institutions, key stakeholders, indigenous peoples and local communities and is supported by its authorities/representatives at high political level
- b. the Country has made progress towards the establishment of a National Forest Reference Emission Level and/or a Forest Reference Level by preparing an evaluation of existing information of forest carbon emissions and of country's capacity to reduce them, as well as by developing a methodology for a reference scenario;
- c. progress has been made towards the establishment of a National Forest Monitoring System (NFMS) by designing a national planning system and an information system for the measurement, reporting, and verification (MRV) of Greenhouse Gases (GHG) emissions reductions and multiple benefits from REDD+ activities;
- d. the Strategic Environmental and Social Assessment (SESA) has been carried out and the Environmental and Social Management Framework (ESMF) is prepared;
- e. the country has put in place and is operating a cross-sector coordination body for REDD+, and a participation platform that involve a broad range of key stakeholders.

## **III. Project Context**

### **A. Concept**

#### **1. Description**

18. The REDD+ readiness process in Nicaragua will seek to align public institutions, civil society organizations and the private sector within a coherent national strategy to reduce forest degradation and deforestation, namely the ENDE/REDD+ Strategy. To achieve this objective it will trigger a trans-sectorial dialogue process involving all relevant sectors and actors affecting forests, raising awareness and providing information to highest

---

<sup>13</sup> Please see the proposed Results Framework in Annex II

<sup>14</sup> REDD strategic options can be defined as policies, programs or other interventions that reduce emissions from deforestation and forest degradation, sustainably manage forests, and conserve and enhance forest carbon stocks.

political and societal decision makers to harmonize sectorial policies and regulations towards the goal of reducing deforestation and forest degradation. Coordination and complementarity will be pursued to enhance the presence of all layers of the government at territorial level, improve governance and law enforcement, as well as to design a Compensation for Environmental Services (CES) scheme for forest owners that conserve and use them in a sustainable way.

19. The policies, programs and other interventions to reduce emissions from deforestation and forest degradation and promote the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks will be defined through studies and consultations during the readiness preparation phase.
20. The specific REDD preparation activities Nicaragua intends to carry out in preparing its Readiness Package are described in the R-PP, and include: strategy development through stakeholder consultations, analytical work, capacity-building, a Strategic Environmental and Social Assessment (SESA), and technical work to establish a national forest Reference Emission Level/Reference Level and monitoring system. Please see Annex III for a detailed description of project activities.
21. These activities are funded by the FCPF Readiness Preparation Grant of \$3.6 million. Other support is expected by Nicaragua from the GIZ-REDD+ Program for Central America (approx. US\$345,000), and from the USAID Regional Climate Change Program for Central American<sup>15</sup> to support REDD+ (approx. US\$500,000), in addition to the national government and possibly other donors<sup>16</sup>. Also, Nicaragua is interested in accessing additional FCPF funding (up to US\$5 million) after the mid-term review, as established in the FCPF, based on the assessment that significant progress has been made in the preparation of the ENDE-REDD+. Activities to be financed by the FCPF would not include any physical investment or the implementation of any REDD program on the ground. An indicative budget is available in Annex VII.

## 2. Key Risks and Issues

22. **Institutional Capacity:** Up to date, MARENA does not count with a dedicated multi-disciplinary team that is responsible for leading the national ENDE-REDD+ process resulting in a weak institutional presence at political and technical levels. As part of the institutional arrangements, the Vice-Minister of MARENA chairs both Level I (political) and Level II (technical) platforms, showing a reasonable institutional commitment to the ENDE-REDD+ process. During the readiness phase, one imperative action is to establish

---

<sup>15</sup> This program is part of US development policy on the Global Climate Change Initiative (GCCII). Support to REDD+ initiatives is under the component on Sustainable Landscapes.

<sup>16</sup> Both the GIZ and the USAID programs are implemented with the Central American Governments, in coordination with the Central American Commission on Environment and Development (CCAD). According to MARENA, current contributions to R-PP implementation from GIZ and USAID programs are planned for the first 18 months. Over the period 2012-2016, MARENA expects that total contributions would reach approximately US\$1.5 million per donor. In such case, the financing gap of the R-PP would be reduced to approximately US\$4.5 million.

a permanent technical team with the needed expertise (social, forest carbon, communications, legal, forestry, among others) to manage the design of the ENDE-REDD+ and strengthen the institutional capacity to manage the complex multi-sector and multi-stakeholder nature of the process. This team will need further training in REDD+ and will have the challenge to acquire the needed capacity that can be built within MARENA in the long term.

23. **Cross-sector coordination:** Connected with the previous risk, developing the ENDE-REDD+ Strategy entails a broad and multidimensional institutional coordination effort of policies and programs. Regarding the situation of the forest sector, a key element has always been the impact of inconsistent sectorial policies and programs (such as agriculture, infrastructure, energy, mining, and others), and/or MARENA may not being able to influence their alignment into a successful REDD+ program. It is important to gain political leverage from the very beginning of the readiness preparation phase in support to the work of the three levels of governance that were proposed for the REDD+ process. The capacity of Level I authorities to influence decision-making on the ENDE-REDD+ with their presence at the Cabinet of Production (*Gabinete de la Producción*) will be crucial for the success of the initiative.
24. **Participation:** Nicaragua has developed an innovative three-level architecture as a participatory platform designed to include all ENDE-REDD+ stakeholders. In moving forward, it is important to formally establish the principles of operation, roles, and responsibilities for each level to ensure that representation is achieved and information reaches all in a systematic manner. Specific efforts to engage *campesinos*, and agriculture and livestock farmers will be needed in 2013, or from the beginning of the Readiness implementation phase.
25. **Information:** The continuous dissemination of information needs to be improved and disclosure of key documents in MARENA's website needs to be more systematic and consistent. Information about the ENDE-REDD + process must be available in the website of MARENA at all times. It was agreed that before signing the preparation grant the following information will be posted on the website: i) all versions of the R-PP, ii) reports from all the ENDE-REDD+ workshops and lists of participants, iii) information materials about change climate and the role of forests in mitigation, iv) a summary of the R-PP, and v) the SESA process relevant information, including the draft work plan.
26. **Land Tenure:** In both of the autonomous regions of the Atlantic, the presence of non-indigenous and non afro-descendant persons in indigenous and afro-descendant territories persists in varying degrees and, in light of recent trends, is likely to further increase in importance. While the legal framework and tools for further land regularization (*saneamiento legal*) exist, implementation thereof has been slow and uneven. Therefore, the risk cannot be discarded that the process of *saneamiento* will not be completed satisfactorily in the foreseeable future resulting in continued lack of control of swathes of their lands by indigenous and afro-descendant communities alike.

27. In the Pacific, center and the North of the country, there seems to be a significant degree of disregard for or lack of knowledge of colonial land titles (see *infra*) by local authorities and courts alike. As a result non-indigenous persons have been able to acquire land titles which overlap with the colonial land titles for indigenous communities. The resulting risk is legal uncertainty about the validity of aforementioned individual land titles coupled with indigenous communities' persistent lack of *de facto* control over significant parts of their titled territories due to lack of recognition and enforcement of colonial legal titles.
28. **Uncertainty about future REDD+ mechanisms.** As it is the case for most REDD+ strategies, the potential risks are likely to rise if these strategies fail to achieve their main objectives, hence creating unexpected indirect adverse impacts through the unintended creation of incentives to clear forests for other purposes. This is likely to occur in cases where the payments or compensations for environmental services schemes failed to provide sufficient monetary incentive to retain areas under forest cover. Similar risks could occur, for instance, if lack of land tenure security undermines the commitment to maintain land under forest cover for long time periods.

## **B. Implementing Agency Assessment**

29. The execution of the national ENDE-REDD+ Readiness Process will be led by the Ministry of Environment and Natural Resources (MARENA), in close coordination with a policy-level platform (Level I) that would include authorities of the main public institutions related to the process, and of the autonomous regions and territorial indigenous governments. Public authorities participating in this platform report to the Cabinet of Production of the Government of Nicaragua, where main decision on the ENDE-REDD+ would be presented and discussed. Also, MARENA will lead the work of the technical platform (Level II) of public, private, and social sector organizations related to the ENDE-REDD+. This inter-institutional technical body is the operational level that would discuss most of the ENDE-REDD+ deliverables, while providing inputs to other platforms of stakeholders, and to decision-makers. In this sense, MARENA's leading role at both policy and technical levels will be key for the success and progress of the initiative towards developing the ENDE-REDD+ Strategy and its main components.
30. MARENA has the legal mandate and the basic institutional territorial coverage as the country's leading agency on environmental and climate change policy, including representing Nicaragua in international fora on environment, biodiversity, and climate change. The Ministry has experience with different types of consultation processes for its different policy instruments, and has a successful record of implementing large environmental programs financed by different donors, including the World Bank. This track record suggests that MARENA has the critical capacity and commitment to effectively engage in a REDD+ program.



## C. Project Stakeholder Assessment

31. Broad identification of stakeholders at the national, regional and local levels as well as their role in the process is critical for understanding the social context for which forests resources are owned, managed, used and valued. It is equally important to differentiate the various roles within each stakeholder group in order to understand their specific role within the overall ENDE-REDD+ process. In this context, MARENA has initially identified stakeholders at the national level, comprising of a number of broadly defined stakeholder groups, namely: (i) government agencies at the national; (ii) regional governments (i.e. RAAS and RAAN); (iii) academia and research institutes; (iv) NGOs and civil society; (v) indigenous peoples traditional structures and organizations; (vi) *campesino* communities and organizations; (vii) private sector; (viii) local communities; and, (ix) producers (agriculture and livestock). The design of the national strategy will follow 4 regional phases: (i) autonomous regions of the Atlantic; (ii) north region; (iii) Central region; and, (iv) Pacific region.
32. Nicaragua has put in place a multi-stakeholder REDD+ platform (including the relevant government agencies) that has started a political and technical dialogue on REDD+ at the national level. There is close coordination and complementarity efforts developed with the GIZ REDD+ Program for Central America and the Dominican Republic that has focused primarily in supporting early dialogue and participation of key stakeholders during the R-PP formulation phase. During the readiness phase, the team will continue providing technical assistance to MARENA to leverage and effectively coordinate with other donors' support on REDD+, such as the recently launched USAID Regional Climate Change Program for Central America (2013-2018) and the Farm and Forests Facility hosted by the FAO, for which Nicaragua is a focus country.

## IV. Overall Risk Ratings

### A. Risk Ratings Summary Table

Risk	Rating		Rating
<b>Stakeholder Risk</b>	Moderate	<b>Project Risk</b>	
		- Design	Substantial
		- Social and Environmental	High
		- Program and Donor	Low
<b>Implementing Agency Risk</b>		- Delivery Monitoring and Sustainability	Moderate
- Capacity	Substantial	-	
- Governance	Substantial	-	
		<b>Overall Implementation Risk</b>	<b>Substantial</b>

## B. Overall Risk Rating Explanation

33. The overall risk rating for the project is **Substantial**. The REDD+ Readiness process presents a substantial level of risk, as it depends on a several measures for the medium and long term including institutional arrangement for MARENA and a broad number of public institutions, as well as private, and social organizations to jointly work on the REDD+ processes in the country. See ORAF in Annex I for further details.

## V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

34. Since 2011, the Bank has been providing technical support to Nicaragua as part of the process to formulate the country's R-PP. This assistance helped MARENA organize and progressively improve the ENDE-REDD+ process and shape the draft versions of the R-PP. The Bank team accompanied MARENA in the review process at the FCPF, and provided technical comments to the different versions of the R-PP which were taken into consideration by MARENA when presenting the R-PP to the FCPF PC. The first stage of Bank's support to MARENA contributed to update the R-PP for which the FCPF FMT carried out the completeness check in March, 2013.
35. A Bank due diligence mission took place from April 22 to May 3, 2013, that included a multi-disciplinary Bank team (forest carbon, rural development, social development, communications, legal, environment, procurement, and financial management) to assess the overall status of the formulation of the ENDE-REDD+ process and identify risks as well as opportunities in moving forward with the REDD+ readiness phase.
36. The Bank team worked closely with MARENA to assist in early dialogue, stakeholder participation and the development of the SESA approach for Nicaragua in terms of the methodology, stakeholder identification, information dissemination and facilitation. The Bank team assisted in the format and participated in the regional SESA workshop in Bluefields (April 25, 2012) and in the National SESA workshop (April 29, 2013).
37. Further support by the Bank during the Readiness implementation phase would require a multi-disciplinary technical team (see Annex IV) comprising specialists in rural development, forest carbon, communications, social development, environment, and fiduciary aspects. Other specific needs in terms of technical support would be identified during implementation. The expected budget would be approximately US\$100,000 per year, over a four-year period of implementation, including approximately US\$40,000 for variable expenses (i.e., consultants, and mission's travel).

## VI. Assessment Summary

### A. Technical

38. The Task Team reviewed the R-PP, and related documentation. It appears that Nicaragua is well-positioned to advance through the Readiness preparation phase. Overall, the

country has identified the critical issues relevant to REDD and has developed adequate processes to address these issues during preparation and implementation.

39. **Cross-sector institutional coordination:** Nicaragua proposes an ad-hoc commission of the Cabinet of Production (*Gabinete de la Producción*), called “*Nivel I*”, to serve as the multi-sectorial entity at high political level to give strategic guidance and political support to its REDD+ readiness process. It includes 18 national, regional and indigenous people government institutions, representing relevant economic and social sectors, levels of government and jurisdiction<sup>17</sup>. A technical/political second layer (*Nivel II*) follows, adding technical institutions (e.g. the National Commission on Demarcation and Titling - CONADETI) and international cooperation agencies, as also representatives from private producer associations (i.e. the National Union of Farmers -UNAG, and the National Commission on Cattle-Farming - CONAGAN). This level will be responsible for trans-sectorial and inter-institutional coordination and planning towards the ENDE/REDD+ Strategy. The third one is the implementation level (*Nivel III*), and will build on the work of the National Forestry Commission (CONAFOR) and the Forest Governance Committees (GOFO) established by the Forestry Law 462, and include relevant governmental, private and civil society organization and stakeholders. These bodies would comment and endorse the documents and technical inputs produced within the REDD+ working group (*Grupo de Trabajo de REDD+ or GTRE*) which is composed by staff from participating public institutions, social and civic actors, and will be supported by consultants. This three-layered structure will channel the ENDE/REDD+ Strategy proposals from the bottom, up to the Secretary of the Presidency of the Republic and the Cabinet of Production. The overall administrative management and facilitation of the process will be provided by a small technical secretariat (STRE) hosted by MARENA, at its General Directorate on Climate Change, and financed by the FCPF grant. See Annex XI.
40. **Representation and Participation of Indigenous Peoples.** Indigenous people’s population is estimated at 443,847<sup>18</sup> (about 5 percent of the total population) that include seven distinct indigenous peoples groups in Nicaragua with the Miskitu (120,817) and the Chorotega-Nahua-Mange (46,002) with the highest population numbers. The Chorotega-Nahua-Mange, Cacaopera or Matagalpa, Ocanxiu or Sutiaba, Nahoa-Nicarao-Nahuatl indigenous peoples are found in the Pacific region. The Miskitu, Rama and Mayagna indigenous peoples live in the Caribbean region. Nicaragua’s legal framework recognizes indigenous peoples and ethnic communities, their rights to land and natural resources, and respect to self-determination.<sup>19</sup>

---

<sup>17</sup> Nivel I: MARENA, MAGFOR, INETER, MHCP, INAFOR, FONADEFO, MIFIC, MTI, MEM, AMUNIC, GRAAN, GRAAS, Autoridades territoriales indígenas (Pacífico Centro 1, RAAN 2), Procuraduría General del Ambiente, Ministerio Público, Ejército de Nicaragua, Policía Nacional.

<sup>18</sup> INEC (*Instituto Nacional de Estadísticas y Censos*), VIII Population Census, 2005, Nicaragua.

<sup>19</sup> National legislation pertaining indigenous peoples and ethnic communities are the following: (i) the Constitution (1987); (ii) Law 28 on Regional Autonomy Statue for the Caribbean Coast of Nicaragua (2003) (*Estatuto de Autonomía de Las Regiones de la Costa Atlántica de Nicaragua*); (iii) Law 445 on the System of Communal Ownership of Indigenous Peoples and Ethnic Communities of the Autonomous Regions of the Atlantic Coast of Nicaragua and the Bocay, Coco, Indio Maiz Rivers (*Ley del Regimen de Propiedad Comunal de los Pueblos*)

41. Various forms of organization and governance can be found among indigenous peoples. In the Atlantic Autonomous Regions of the North and South, in accordance to Law 28 and Law 445, there are four levels of government: (i) regional; (ii) municipal; (iii) indigenous territorial governments; and, (iv) indigenous peoples communities.
42. In the Central-North Pacific region, there are 22 indigenous peoples territories that are represented in one organization named PCN (*Consejo de Pueblos Indígenas del Pacífico Centro Norte*). Community and traditional structures characterize the governance of the indigenous peoples' territories through Council of Elders (*Consejo de Ancianos*), Councils (*Junta Directiva*) and Traditional Authorities. There are participation bodies (i.e. community assembly) and platforms that indigenous peoples use to inform and consult.
43. **Afro-Descendant Communities:** Nicaragua recognizes rights to afro-descendant communities, the Creole-Kriol in the RAAS and the RAAN and Garífuna in the RAAS that enjoy comparable rights as indigenous peoples through Law 28 and Law 445. This afro-descendant population is estimated in 231,161<sup>20</sup>. Afro-descendant communities need to be differentiated as a specific social group as the issues and concerns regarding the ENDE-REDD+ will need to reflect their own social, cultural and traditional realities. Issues of collective land tenure, use and access to natural resources and the overall governance of their communal territories will be further examined during the readiness phase.
44. **Social Conflict:** There are two key reasons for social conflict that can have implications regarding the long-term sustainability of the ENDE-REDD+. One is related to land conflicts that arise during the last stage of land demarcation and titling, specifically, the resolution of conflicts with third parties (namely the colonists, *colonos*) that have encroached into indigenous peoples' territories to exploit the natural resources and undertake agriculture and livestock activities. The overall governance of the indigenous peoples' territories is undermined and natural resources are difficult to manage as incursions of colonists persist. In other instances, ancestral titles of indigenous peoples territories in the region of Pacific-Center-North are not recognized by some municipalities. Another reason for social conflict relates to the expanding agricultural production frontier as the country continues to push economic growth at the expense of reducing forest areas. There are strong economic interests from the private sector (agriculture and livestock) that can affect indigenous peoples and afro-descendant communities for which cross-sectorial coordination for the ENDE-REDD+ will need to be strengthened a lot.

---

*Indígenas y Comunidades Étnicas de las Regiones Autónomas de la Costa Atlántica de Nicaragua y de los Ríos Bocay, Coco, Indio y Maíz*); Law 669 on Land Conservation and the Use in the Bosawas Biosphere Reserve (2008), among others. The country has supported the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), has ratified ILO Convention 169 in August 2010.

<sup>20</sup> Figure from 2005 INEC (*Instituto Nacional de Estadísticas y Censos*), VIII Population Census, Nicaragua.

45. **REDD Strategy Options (SO):** Inter-sectorial and inter-institutional dialogue towards the harmonization of policy and regulatory frameworks will be facilitated to get a better alignment towards the common goal of reducing deforestation and forest degradation (SO 1 and SO 2 total US \$1.14 million out of US\$4.09 million: 28 percent). The SO 3 aims to trigger a transformation of agricultural production systems towards climate-smart production systems (US\$1.4 million: 34 percent), while SO 4 proposes measures to pilot an environmental compensation scheme and to compensate forest owners and communities<sup>21</sup> that reduce deforestation and forest degradation (“*bono*”) (US\$1.18 million: 28 percent). The SO 5 proposes studies and capacity building to strengthen production chains and market access for agricultural and forest products (US\$0.19 million: 5 percent), while the last, SO 6 aims to enhance territorial governance, land use planning and tenure of the indigenous territories in the RAAN (US\$0.83 million: 5 percent).

While all these measures seem to be highly relevant, limited financial resources might be spread too thin in view of the only US\$4.09 million available for this component. During the Readiness phase, the team would explore with MARENA the possibility of continue adjusting the proposed REDD+ strategic options (SO).

46. **Forest Reference Emission Level/Reference Level (REL/RL):** The data on deforestation included in the R-PP, despite their methodological differences, indicate a declining trend of the forest cover in Nicaragua for the future. To improve existing estimates and to establish a REL/RL, Nicaragua plans to develop a historical trajectory of land use change and associated GHG emissions that will be combined with spatial modeling to determine the spatial location of future deforestation under different business as usual scenarios. The development of subnational REL/RLs will be considered, if appropriate, based on analytical work during the preparation phase.

47. **National Forest Monitoring System:** Nicaragua will use a combination of remote sensing and ground-based forest carbon inventory approaches to establish a multi-purpose National Forest Monitoring (NFM) system for REDD+, in line with UNFCCC guidelines. Nicaragua already counts with several existing NFM systems that form a good basis for a robust MRV system of GHG emissions from REDD+ activities that will be strengthened during the Readiness phase. Nicaragua counts with a National Forest Inventory conducted in 2007-2008 with the support of FAO to provide country-specific emission factors for above-ground biomass, and which is currently being updated. The NFM system will be multi-purpose, in that it will be designed to also measure impacts on governance, multiple benefits and compliance with safeguards.

48. **Benefit Sharing:** As part of the readiness phase, MARENA plans to put in place a mutually agreeable and equitable benefit-sharing of the carbon revenue in close consultations with the regional autonomous governments, indigenous peoples and other local communities that possess legal rights to use, manage and access land and natural resources. Some of the proposed activities to further develop the benefit sharing

---

<sup>21</sup> Implementation of this pilot activity will not be financed by the FCPF grant.

mechanism include: (i) strengthening of the organizational structures at the regional and community levels to make the reception and management of benefits viable and equitable; (ii) establishing adequate institutional arrangements for cross-sectorial and multi-stakeholder benefit sharing; (iii) analyzing the necessary legal framework to support benefit sharing, among others.

49. **Carbon Ownership:** Like most other countries, Nicaragua does not have specific legislation or jurisprudence on carbon rights. Given the importance of legal clarity and certainty on this fundamental question, Nicaragua has agreed to analyze how the question would most likely be resolved under the existing legal framework and engage in comparative legal analysis with other countries.
50. **Land tenure:** The land tenure regime significantly differs in between the two Autonomous Regions in the Atlantic (North and South) on the one hand, and the rest of the country on the other. In the RAAN and RAAS, which both enjoy a large degree of autonomy, there is recognition of collective land titles of indigenous and ethnic (mainly Afro-descendant) communities under the Constitution (Articles 5 and 180) and Law 445. The law specifically mentions that communal property rights include, among other, collective ownership of the trees on the collective land.
51. In light of the pervasive nature of the presence of non-indigenous or non Afro-descendant persons in the collective territories, the last stage of the land regularization process (*saneamiento legal* en Spanish) under Law 445 conducted by the National Commission of Demarcation and Titling (CONADETI) will be crucial. In addition, the recently created *Comisión Interinstitucional para la Defensa de la Madre Tierra* has been mandated earlier this year to look into advancing the process of *saneamiento* under Law 445. Third parties without a title have to vacate the collective lands without any right to compensation, unless they formally agree with indigenous territorial authorities on further permanence under conditions set out by the communities. Only persons with a valid title stemming from the agrarian reform have a legally recognized title. Despite the guarantee of the law, illegal occupation of indigenous lands by non-indigenous persons persists. The government has expressed its commitment to free indigenous and Afro-descendant territories of non-indigenous encroachment (*fincas*) on several occasions. It recently created a high level commission at the cabinet level to identify bottlenecks and advance the *saneamiento legal* process and started a systematic land title survey in some territories. However, the process has been protracted and a significant number of unresolved cases persists.
52. Controversy over land between indigenous communities and non-indigenous settlers and loggers and its impact on deforestation has also been witnessed in the UNESCO Biosphere Reserve of Bosawas. Bosawas covers approximately 20,000 square kilometers in eight municipalities of the RAAN and Jinotega, of which about 8,000 square kilometers are strictly protected areas. Most of the Reserve's remaining forest is in indigenous territories with full legal title. In recent years, over 60 percent of all national deforestation has occurred in Bosawas. While it is still too early to draw any definitive conclusions, it is noteworthy to point out that the Nicaraguan government has made

efforts to reign in the escalating land conflict in Bosawas by starting to enforce indigenous land rights.<sup>22</sup>

53. Another “mega project” with far reaching implications, if implemented as recently proposed, is the construction of the Interoceanic Canal of Nicaragua in the RAAS. The Law<sup>23</sup> that was recently approved in the National Assembly of Nicaragua would curtail the rights of the RAAS and the indigenous and Afro-descendant communities, primarily with respect to land, in particular and the three levels of government in general.
54. Land in other parts of the country (Pacific, center and North) is held individually with the noticeable exception of the titles issued by the Spanish Crown (*títulos reales* in Spanish) for indigenous peoples dating back to colonial times. It is noteworthy to highlight that aforementioned regions do not enjoy the kind of autonomy as the RAAN and RAAS. Despite the existence of colonial collective legal titles, there seems to be a certain degree of lack of knowledge or respect for these titles by the local authorities and courts. A proposed bill for an Autonomy Law for indigenous peoples living in the Pacific, center and North of the country is an important step in the right direction of reinforcing legal and ensuring *de facto* recognition of collective legal titles in indigenous territories.

## **B. Financial Management**

55. A financial management assessment (FMA) was carried out to evaluate the adequacy of financial management arrangements under the proposed FCPF Grant. This assessment has been performed in accordance with OP/BP 10.00 and the Financial Management Manual for World Bank-Financed Investment Operations.
56. The project is financed by a FCPF Grant and will be implemented by the Ministry of Environment and Natural Resources (MARENA) based in Managua, Nicaragua. MARENA has implemented a US\$ 200,000 grant of the FCPF initial formulation phase. Also, MARENA is co executing with FISE a US\$ 6 million grant funded by the GEF Special Climate Change Fund. The Last Implementation Status Report (ISR) of both has been rated as Moderately Satisfactory.
57. Staffing. The MARENA PIU Managua current project financial staff arrangements are considered satisfactory. But it is expected to be strengthened with two Regional

---

<sup>22</sup> Among others, the armed forces have apparently increased the presence of their “Ecological Battalion” in the Reserve, detained many logging trucks, and escorted indigenous leaders collecting data about the mestizos, as part of the *saneamiento* process. Moreover, the Supreme Court has initiated investigations into the role of at least 30 lawyers and notaries in illegal land transactions in the Reserve and two individuals have been tried and convicted for illegal occupation of indigenous lands for the first time. At the international level, in a meeting between Nicaragua’s President and the Director General of UNESCO, the President publicly requested support from UNESCO and other UN agencies to address the problems in the Reserve.

<sup>23</sup> Law: “*Ley Especial para el Desarrollo de Infraestructura y Transporte Nicaragüense atinente a El Canal, Zona de Libre Comercio e Infraestructuras Asociadas*”, as approved by the National Assembly of Nicaragua on July 13, 2013.

accountants to be located in MARENA's offices in RAAN and RAAS respectively for the financial management of advances programmed with the Grant to those regions.

58. Accounting System. At present, MARENA keeps all its records and accounts in SIGFAPRO system with the capability to register, verify, control and prepare financial statements and financial reports on the cash-based method of accounting. The records will be centrally maintained registering the advances to the Regions and the funds executed once received the justification of the advances along with the expenses support documentation. Other than those advances, all the funds will be executed in MARENA and it is not expected any transfers to other entities. The ceiling of those advances will be part of the operative manual. The ceiling will be determined based on the operational needs and fiduciary risk assessed.
59. Internal Controls. MARENA has its own formalized policy, procedures and operational manual and MARENA normally complies with them. For this specific grant, MARENA will prepare a Project Operational Manual (OM) detailing the principal FM procedures, including budgeting, accounting, payments, support documentation, accounts reconciliation and financial reporting. Therefore, an acceptable Operational Manual should be prepared before the startup of the project.
60. Project Financial Reporting. MARENA will be responsible to prepare financial information on a semiannual basis and submit it to the Bank as Interim Financial Reports (IFRs) containing: (i) Statement of Sources and Uses of Funds (with expenditures classified by disbursement category) and Cash Balances; (ii) Statement of Budget Execution (with expenditures classified by components). All documentation for consolidated SOEs would be maintained for post review and audit purposes for up to three years after the closing date of the Project, or for 18 months after receipt by the World Bank of an acceptable final financial audit, whichever is later. The format of IFRs should be reviewed and approved before negotiations.
61. The IFRs would be submitted no later than 45 days after the end of each semester for the World Bank's review. This review would enhance FM supervision, enabling periodic control over the proposed Project's accounts, which would complement the planned supervisions, thus helping to mitigate fiduciary risk.
62. External Audit. An external, independent, private audit firm, acceptable to the World Bank under Terms of Reference acceptable to the Bank, will be contracted by MARENA for the entire life of the project no later than five months after the grant's effectiveness to audit Project funds. The audit firm will review and provide an opinion on the Annual Financial Statements, covering the fiscal year (which coincides with the calendar year). The audited financial statements shall be presented to the World Bank no later than six months after the end of the fiscal period. Terms of reference and a short list will be reviewed for the World Bank's no objection should include specifically the responsibility on reviewing the funds executed through advances to RAAN and RAAS along with the bank accounts and registries control. According to the access to information policy,



Audited Financial Statements will be made public, as established by the Grant Agreement.

63. **Flow of funds.** A Designated Account (DA) will be open in the Central Bank of Nicaragua with an authorized ceiling to be determined at negotiations. This initial amount could be changed and amended in the respective Disbursement Letter (DL) upon specific request. The DA is located in the Central Bank of Nicaragua under the control of the Treasury, from which the funds would be transferred to MARENA's operating account to finance expenditures made or to be made within 30 days of the transfer.
64. The DA shall operate under the traditional mechanism of replenishment by the SOE method. Copies of records would be used to support disbursement during the entire execution of the Project. Disbursements would be made against standard documentation throughout the entire execution of the Project, and documentary evidence would be sought by the World Bank for expenditures above thresholds in the Disbursement Letter (DL). The disbursements for the proposed Project would be subject to standard and approved World Bank disbursement methods, which would be defined in the DL. These would include reimbursements, advances and direct payments.
65. **Retroactive Financing.** Per Government request, the Project would include US\$ 100,000 to retroactively finance some payments relating to eligible expenses incurred before this operation has been declared effective. This portion will also be included in the scope of the financial audit. The following conditions should be observed in all retroactive financing:
  - a. Payments must be for expenditures that are eligible under the Grant Agreements. Procedures for procurement and the use of consultants and for processing and clearances are subject to the Bank's Procurement and Consultant Guidelines as agreed for this operation.
  - b. Documentation requirements for expenditures claimed under retroactive financing are the same as those for disbursement against payments made after the Grant Agreement is signed.
66. The assessment mainly identified a risk related to some funds transfers to execute specific activities by MARENA's local offices in RAAN and RAAS that could be mitigated with Regional Accountants to follow up the advances, execution and the respective expense supporting documentation. More details in Annex IX.

## C. Procurement

67. Procurement for the Project will be carried out by MARENA using the capacity created for the TF099264. An assessment of MARENA's capacity to implement procurement actions for the Project was updated in May 2013 and a detailed action plan was prepared to address all risks that had been identified (see Annex VI). MARENA will maintain its capacity for selecting consultants and procuring goods and services for this new Project. As part of the Project's preparation, an Operational Manual has to be prepared prior to negotiations to provide detailed procurement information for implementation. The

corrective mitigating measures proposed are to: (i) adjust acceptable sample bidding documents for National Competitive Bidding (NCB) and shopping; (ii) establish a system to monitor and expedite the Procurement Plan (including contract administration); and (iii) prepare the Project's Operational Manual. The overall procurement risk for this operation is Substantial.

68. Procurement for the proposed Project will be carried out in accordance with the Bank's "Guidelines Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011; the Bank's "Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011; and the provisions stipulated in the Grant Agreement. MARENA has prepared an acceptable Procurement Plan (PP) which will be made available through the Procurement Plans Execution System (*Sistema de Ejecución de Planes de Adquisiciones*, SEPA).

**D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)**

69. The FCPF Readiness Preparation grant must comply with World Bank safeguard policies regarding the management of environmental and social impacts. This grant will, in part, support the country's activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts. The SESA guidelines have been integrated into the R-PP template.

**D.1. Social (including Safeguards)**

70. MARENA organized a series of preparatory SESA workshops at the regional and national levels since October 2012 to gather stakeholder feedback on the proposed REDD+ strategic options. Additionally, a National SESA Workshop was carried out (April 29, 2013) utilizing a differentiated stakeholder methodology to guide the discussions in identifying the risks and benefits of each proposed REDD+ option and the drivers of deforestation (please see the workshop proceedings on MARENA's website for a summary of outcomes and responses from MARENA to stakeholder comments). A follow-up sectorial SESA workshop was carried out (July, 2013) gathering the livestock and agricultural producers for their inputs and concerns regarding the process as they

were not present in the National SESA Workshop (please see summary table below). The National SESA Workshop proceedings were disseminated to stakeholders on June 13, 2013 and are currently available on MARENA's website ([www.marena.gob.ni](http://www.marena.gob.ni)).

71. Key issues were identified by stakeholders through the SESA workshops. Some of the potential risks highlighted by stakeholders regarding the proposed strategic options were the following: (i) inadequate mechanisms for participation of stakeholders from all sectors involved, not only forestry; (ii) incentives may be insufficient to promote a sustainable development of the land and its resources; (iii) ENDE-REDD+ may lack a clear implementation strategy accompanied by insufficient technical social and environmental support; (iv) decisions may not include the perspectives of stakeholders and their realities; (v) social conflicts may increase as regional and community leaderships change impacting long-term sustainability; (vi) increased incursions of *colonos* in collective territories and insufficient protection from the government; (vii) consensus may be difficult to reach among diverse groups of stakeholders, and, (viii) interests from agriculture and livestock sectors may not be aligned, among others.
72. On the other hand, potential benefits were also identified by stakeholders regarding the proposed strategic options: (i) greater harmonization of policies and communication, especially between forests, agriculture and livestock sectors; (ii) greater transparency in forest governance and further strengthening of their structures; (iii) greater involvement of stakeholders in the design phase; (iv) land tenure clarity and security ensures better governance of the land and its resources; (v) greater information and communication processes in order to lower deforestation and make adequate decisions on forest resources; and, (vi) better practices and effective management of natural resources, among others.
73. In regards to the feedback received specifically from indigenous peoples, the lack of recognition of collective property was identified as a direct cause of deforestation in addition to those proposed in the R-PP.<sup>24</sup> Furthermore, the following indirect causes of deforestation were emphasized: (i) inadequate application of existing laws; (ii) insufficient legal clarification and security of indigenous peoples territories; (iii) lack of recognition of indigenous peoples governance and decision making structures; (iv) incursions of *colonos* in collective territories; (v) implementation of management plans not authorized in by the communities; and, (vi) government authorization to exploit resources in indigenous peoples territories without their consent, just to name a few.
74. Indigenous peoples also identified the risks that the proposed strategic options may pose: (i) insufficient involvement of indigenous peoples during the design process and their issues not included in the ENDE-REDD+; (ii) strategy may not take into account the cultural aspects of indigenous peoples in managing their land and resources; (iii) lack of clarity on who makes the decision on the land and its resources; (iv) insufficient

---

<sup>24</sup> The R-PP notes the following direct causes of deforestation: (i) environmental emergencies due to natural disasters; (ii) Illegal logging; (iii) expansion of the agricultural frontier; (iv) forest and agricultural fires; and, (v) mining.

knowledge and recognition of indigenous peoples' own decision making processes; and, (v) indigenous peoples territories and their governance may be undermined due to lack of recognition of land rights, among others. On the other hand, if designed with the full participation of indigenous peoples, the ENDE-REDD+ will support further clarity and recognition of indigenous peoples land rights, strengthen their governance structures, and support the management of their own natural resources taking into account cultural and traditional visions and practices.

75. Based on the inputs and feedback received through the various SESA workshops, MARENA prepared a draft SESA Work Plan that outlines the steps the SESA process throughout the readiness phase and proposes a series of analytical and diagnostic studies on (i) a comprehensive identification of stakeholders at the regional and national level; (ii) a social assessment of indigenous peoples; (iii) an analysis of capacity needs for stakeholders; (iv) an analysis of women's role in the forestry sector, among others. The draft SESA Work Plan outlines a participatory process throughout the readiness phase in providing feedback and inputs from stakeholders as the design of the ENDE-REDD+ progresses with an estimated timeline to continue until the end of 2015. The draft SESA Work Plan was disseminated to the stakeholders on June 17, 2013, and will serve as a live document subject to revision as the design of the ENDE-REDD+ evolves.
76. At the end of the preparation phase for the REDD+ Strategy, MARENA will prepare a self-standing SESA Report documenting (a) the participation process throughout SESA; (b) the risks and benefits of proposed REDD+ options; and (c) the contextual challenges that would enhance or undermine the REDD+ Strategy from the perspective of stakeholders. An Environmental and Social Management Framework (ESMF) will be prepared for managing downstream impacts once the national REDD+ strategy is being implemented. The ESMF will provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions) in the context of the future implementation of ENDE-REDD+.
77. In regards to the grievance redress mechanism, a specific budget has been allocated in order to establish a structure that can be accessible to the broad range of stakeholders at the national and regional levels. This mechanism will need to be designed in close coordination with both north and south regional autonomous governments of the Atlantic as there are existing structures for engaging and managing stakeholder complaints and conflicts. The grievance redress mechanism for REDD+ will also take into account community and traditional conflict resolution mechanisms. Further technical assistance and harnessing of adequate capacity will be needed for MARENA on this realm.
78. MARENA has experience in implementing World Bank-financed projects, i.e. the Second Rural Municipalities Development Project, and several GEF projects such as the Atlantic Biological Corridor Project, the Corazon Transboundary Biosphere Reserve Project, and the recently approved Climate Change and Water Resources Project. Given the cross-sector and the national scope of REDD+, safeguards policies for FCPF activities will apply at a more strategic and policy level than past projects, hence, social

expertise will be needed for leading the Strategic Environmental and Social Assessment (SESA) process, consultations, stakeholder engagement and participation. MARENA plans to recruit qualified social scientists to help design and implement the overall social aspects and social safeguards of the REDD+ readiness process. The establishment of a multi-disciplinary team in MARENA leading the preparation of the national REDD+ strategy is an immediate action required as part of the readiness grant.

## **D.2. Environmental (including Safeguards)**

79. It is envisioned that the safeguards policies mentioned below may be triggered in the REDD+ Readiness process:
80. The policy on Environmental Assessment (OP/BP 4.01) is triggered. However, since the explicit goal of the REDD+ strategy is to promote the reduction in rates of deforestation and degradation by rewarding measures to protect and conserve forests, the environmental impacts of the strategy are expected to be mostly positive. It is expected that benefits associated with forests will improve as forest cover improves. Not only as a sink for carbon but also for the many environmental services forests provide such as watershed protection, provision of important habitats, sustainable source forest based livelihoods. The REDD+ strategy itself would not finance the harvesting or conversion of forests so there is little to no direct adverse impact associated with activities planned as part of the strategic options.
81. The principal risk from REDD+ would arise in the event that the strategies fail to achieve their objectives thereby creating unexpected indirect adverse impacts through the unintended creation of incentives to clear forests for other purposes. This could occur, for example, if CES schemes failed to provide sufficient monetary incentive to retain areas under forest cover. Similar risks could occur for example if lack of land tenure security were to undermine commitment to maintain land under forest cover for long time periods.
82. For these reasons, and due to the critical nature of strategic options and choices being considered, OP 4.01 is applicable to the R-PP activities. The principal instruments to document the environmental benefits and risks of the REDD+ strategy will be the Strategic Environmental and Social Assessment (SESA), as described in the social safeguards section.
83. The policy on Natural Habitats (OP/BP 4.04) will apply considering that the REDD+ strategy will likely involve work both within existing protected areas (PA) as well as other forest habitats of varying significance. If the REDD+ strategies are successful, the impacts on critical forest habitats are expected to be positive, nevertheless SESA will evaluate the possible risks associated with strategic options on forest habitats within PA as well as other sensitive forest habitats under private or communal control.
84. The policy on Forests (OP/BP 4.36) will apply considering the importance of REDD+ as part of Nicaragua's long term forest and environmental management programs and due to the fact that 98 percent of forests in Nicaragua are natural forests and that half of them

belong and are of great importance for the livelihoods and wellbeing of local communities, indigenous people and afro-descendant people. Nevertheless, the R\_PP will not finance the harvesting or conversion of forests.

85. The policy on Physical Cultural Resources (OP 4.11) will apply given the uncertainty regarding the exact locations of activities to be carried out under the REDD+ Strategy. Some forests or landscapes concerned by the REDD+ strategy might be considered to have historical or cultural significance such as spirit forests, sacred valleys or other features of the natural landscape. The ESMF would include specific provisions to assess the possibility of such impacts prior to any activities being undertaken on the ground.
86. The policy on Pest Management (OP 4.09) is triggered since it is conceivable that some forest management practices may involve pesticide use. At present it is not envisioned that the REDD+ strategy would finance or lead to an increased use of pesticides or other agricultural chemicals. The SESA will evaluate the potential for such use of chemicals in forest management and, if necessary, appropriate guidelines and analytical approaches would be defined in the ESMF.
87. Institutional Capacity: According to the main legal framework for public institutions of the Government of Nicaragua, MARENA is the National Environmental Authority of Nicaragua. It formulates, proposes, manages, and supervises compliance with national environmental policies, such as the Environmental Impact Assessment. MARENA has a number of experienced staff that worked on the GEF-funded CORAZON Project. This staff was retained to work on the Adaptation of Nicaragua's Water Supplies to Climate Change project. All have adequate experience in compliance with World Bank Safeguard Policies. The Climate Change Office, which has recently started collaboration with World Bank, has limited experience with the Bank's safeguard policies.
88. For implementation of the REDD+ strategy, it will be necessary to provide support to: (a) MARENA's Climate Change Office with one full-time environmental staff to deal with future project activities and environmental requirements, as well as supervision. Incremental budget for compliance with environmental and social safeguards will need to be incorporated in this project.

**D.3. Consultation, Participation and Disclosure**  
**i. Experience to Date**

89. **Participation:** The REDD+ readiness process involves multiple sectors and stakeholders nationwide at various levels (national, regional and local). Adequate information dissemination, effective participation and culturally relevant consultation is essential to take stakeholders' views into consideration, generate support, increase the chance of achieving the multiple benefits expected from REDD, and reduce the risk of generating unintended negative impacts.
90. To date the Government of Nicaragua (GoN) has used the three Levels (*niveles*) newly created to operationalize the REDD+ readiness process (see cross-sectorial coordination

for description), to conduct the participation process for the ENDE-REDD+. A regional approach to the participation and dialogue process is in place and the government has taken advantage of the existing participation platforms such as the Communal Assembly and the Territorial Assembly to discuss the REDD+ process.

91. The GoN has conducted over 20 workshops and meetings with a diverse range of stakeholders, mainly in 2012, and has received and incorporated feedback to their R-PP. Nevertheless, the level of knowledge and active participation in the R-PP development is highly focused in participants from levels I and II and it will be necessary to strengthen the participation of level III stakeholders during the readiness phase.
92. The Strategic Environmental and Social Assessment (SESA) process has also provided new spaces for participation focused on the stakeholder analysis of strategic options and causes of deforestation.
93. Some highlights from the participation process include:
  - a. The dialogue process and the technical and political coordination with the RAAN and RAAS continue to be consolidated and their leadership participates in the level I platform, where the strategic direction of ENDE/REDD+ is discussed. During 2012, Eighteen (18) indigenous leaders from the RAAN and 10 indigenous leaders from the RAAS actively participated in meetings and capacity building workshops to increase their knowledge on the principles and concepts of the ENDE/REDD and the process to define forest incentives mechanisms. These leaders have been in charge of disseminating their newly acquired knowledge with their communities.
  - b. The dialogue and participation process with the Indigenous Peoples from the Pacífico Centro Norte region has started and one representative per territory (Chorotegas, Diriangen, Masaya, Nicarao and Adiact-Agateite) has been invited to participate in levels I and II. This dialogue includes discussions around the consultation methodology to comply with ILO 169 principles.
  - c. The agriculture and livestock sectors, and *campesino* representatives have been invited to participate in several instances, but their participation has not been consistent. It is crucial to ensure their future active participation in the ENDE/REDD+ process and in SESA, as these sectors have been identified as main drivers of deforestation.
94. The GoN used the Guidelines on *Stakeholder Engagement in REDD+ Readiness With a Focus on the Participation of Indigenous Peoples and Other Forest-Dependent Communities* to support the design of the workshops' methodology and received technical support from the World Bank team in communication and participation processes. The GIZ team in Nicaragua has also provided key support to strengthen the participation and SESA processes. (see participation analysis matrix as Annex X)

95. **Disclosure:** The Government of Nicaragua has disseminated the R-PP to key stakeholders. The R-PP and related SESA information was posted in MARENA's website on June 17, 2013 and the link<sup>25</sup> was circulated to all key stakeholders on the same date.

## ii. Proposal Going Forward

96. The R-PP includes a proposal for preparing a consultation and participation plan and anticipates activities to establish a participatory mechanism to ensure involvement of indigenous peoples and local communities that will provide the foundations for a subsequent consultation process on the ENDE-REDD+. Nicaragua intends to build on the existing structures at national, local and community level to enhance consultation and participation. During the readiness phase, the consultation and participation plan will need to further improve key aspects that include mechanisms for disclosure of information as well as for stakeholder feedback to support effective involvement in the preparation and implementation of ENDE-REDD+ in the Country.

97. It is necessary to strengthen the participation of the level III and ensure that the levels I, II, III are convened in a systematic way, and have budget allocated for its operation during the preparation phase. It is also necessary to identify the stakeholders who have not participated broadly in the established levels and open spaces for dialogue to ensure that their perspectives are included in the process. . These groups include *campesinos*, private sector, NGO and donors as described in Annex X.

98. It is important to recognize the communication challenges that the ENDE/REDD+ represents. In order to address these challenges, MARENA will appoint its Communication and Public Relations Unit to lead the various communication processes during the preparation of the ENDE-REDD + including: (i) stakeholder dialogue, participation, SESA and the future consultation of the ENDE-REDD +, (ii) the design and implementation of the communication strategy for ENDE-REDD +, (iii) the online portal on ENDE-REDD +, (iv) information fact sheets and other materials relevant to culturally diverse audiences, among others.

99. Free, prior and informed consultations will be carried out on the ENDE-REDD+ with key stakeholders and special attention will be paid to women in order to understand their specific issues and concerns. As a first step, MARENA will establish a Technical Secretariat (STRE) responsible for leading the consultation process. A series of workshops at the national, regional and local levels will be carried out in order to provide information and capacity building to stakeholders to prepare them for the consultation phase. MARENA plans to discuss and develop a consultation methodology through the ENDE-REDD+ Working Group (GTRE), for which it will go through a validation process with key stakeholders. It is envisioned that an initial consultation approach will

---

<sup>25</sup> Please see [www.marena.gob.ni](http://www.marena.gob.ni) or <http://www.marena.gob.ni/component/content/article/1295>



take into account 4 specific regions for stakeholder consultations: (i) autonomous regions of the Caribbean Coast; (ii) central area; (iii) north area; and, (iv) Pacific area.

100. Regarding indigenous peoples, a differentiated consultations process that is culturally adequate will be followed. Free, prior and informed consultations with indigenous peoples will be carried out as per World Bank Operational Policy on Indigenous Peoples (OP 4.10) in seeking broad community support on the ENDE-REDD+. Nicaragua has committed to follow the principles of ILO Convention 169 and take into account the UNDRIP, for which a specific methodology will need to be developed with indigenous peoples. The consultation methodology will take into account indigenous peoples' traditional as well as non-traditional structures, their own decision-making process, and socio-cultural channels of communication and deliberation. During the readiness phase, the issue of collective land rights will be further assessed in order to determine the specific implications for REDD+, specifically in regards to addressing incursions of non-indigenous persons in indigenous peoples territories.

101. As REDD+ involves a wide-range of stakeholders, interests may differ and the national REDD+ process may require negotiation as part of the consultation process. The potential need for mediation and management of conflict among stakeholders is taken into account throughout the process and expertise will be sought for in this area. MARENA plans to recruit social development expertise in order to lead the multi-stakeholder and multi-level consultation process.

#### D.4. Safeguards Policies Triggered

102. The table below presents the safeguards policies which are being triggered at Assessment Note stage. The environmental safeguards category proposed at Concept Stage is: B.

<b>Safeguard Policies Triggered (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
The policy on Environmental Assessment (OP/BP 4.01) is triggered due to the critical nature of strategic options and choices being considered under REDD+. The explicit goal of the REDD+ strategy is to promote the reduction in rates of deforestation and degradation by rewarding measures to protect and conserve forests, the environmental impacts of the strategy are expected to be mostly positive. Nevertheless, if the strategy fails to achieve its objectives, indirect adverse impacts, through the unintended creation of incentives to clear forests for other purposes, are likely to occur. The Strategic Environmental and Social Assessment (SESA) will document the environmental benefits and risks of the REDD+ strategy. The SESA will assess key social and environmental risks and potential impacts associated with REDD+, and will develop a management framework (ESMF) to manage and mitigate any possible risks and potential impacts during the implementation phase.			
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
The policy on Natural Habitats (OP/BP 4.04) will apply considering that the REDD+ strategy will likely involve work both within existing protected areas as well as other forest habitats of varying significance. The SESA will evaluate the possible risks associated with strategic options on forest habitats within protected areas as well as other sensitive forest habitats under private or communal control. The ESMF			

<b>Safeguard Policies Triggered (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
will include provisions to assess possible impacts prior to any actions being undertaken on the ground.			
<b>Forests (OP/BP 4.36)</b>	<b>X</b>		
The policy on Forests (OP/BP 4.36) will apply considering the importance of REDD+ as part of Nicaragua's long term forest and environmental management programs and due to the great importance of forests to the livelihoods and well-being of local communities, indigenous people and afro-descendant people. During the preparation phase, forestry and rural development initiatives associated with REDD+ will be evaluated in order to ensure lessons are incorporated early in the design and key social and environmental risks and potential impacts associated with REDD+ are considered in the ESMF.			
<b>Pest Management (OP 4.09)</b>	<b>X</b>		
The policy on Pest Management (OP 4.09) is triggered since it is conceivable that some forest management practices may involve pesticide use. The SESA will evaluate the potential for such use of chemicals in forest management and, if necessary, appropriate guidelines and analytical approaches would be defined in the ESMF.			
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>x</b>		
The policy on Physical Cultural Resources (OP 4.11) will apply given the uncertainty regarding the exact locations of activities to be carried out under the REDD+ Strategy. The ESMF would include specific provisions to assess the potential impacts on forests, sacred valleys or landscapes considered to have historical or cultural significance prior to any activities being undertaken on the ground.			
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
SESA (Strategic Environmental and Social Assessment) will be conducted during the readiness phase with the participation of indigenous peoples in identifying the key issues and providing recommendations for the design of the ENDE-REDD+. As part of the formulation phase, indigenous peoples participated in the regional and national SESA workshops where they assessed the risks and benefits of the proposed REDD+ strategic options from their own perspective and contextual realities. MARENA plans to carry out the required social assessment and prepare an Indigenous Peoples Planning Framework (IPPF) in close consultations with indigenous peoples' communities to comply with the Indigenous Peoples policy, as a specific chapter of the ESMF. Under this policy, Indigenous Peoples communities affected by REDD+ Strategy must provide their "Broad Community Support." Nicaragua has also committed to comply with its obligations under ILO Convention 169 on Indigenous and Tribal Peoples.			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
During the readiness phase, SESA will look into the outstanding land issues. An RPF, as part of the ESMF, will be prepared in the event that resettlement of non-indigenous and non-afrodescendant persons from the collective territories occurs. SESA also plans to assess the potential restrictions of access to natural resources as part of the design phase of the ENDE-REDD+ and provide the adequate recommendations from the perspective of stakeholders. MARENA will prepare the required Process Framework (PF) in close consultations with indigenous peoples, <i>campesino</i> and other local communities. The PF will help manage the potential risk of restriction of access to forest resources. The PF will be prepared as a specific chapter of the ESMF.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
This policy is not triggered as the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the services of existing dams.			
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
The proposed activities are not the types of projects or studies covered by the policy.			
<b>Projects in Disputed Areas (OP/BP 7.60)</b>			<b>X</b>
Given that the exact location of activities is not yet known, a definitive decision on the question of whether or not to trigger the policy cannot yet be made.			

103. The main safeguard instrument to be used is the SESA that will serve to document the environmental and social benefits and risks of the REDD+ strategy. As part of the SESA process an ESMF will be prepared to manage and mitigate any possible risks and potential impacts during the implementation phase.
104. The ESMF is intended to be a live document that may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The SESA addresses the key environmental and social issues associated with the preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. In this manner SESA can ensure compliance with World Bank's environmental and social safeguards.

**Annex I: Operational Risk Assessment Framework (ORAF)  
NICARAGUA: REDD+ Readiness Preparation Support**

<b>1. Project Stakeholder Risks</b>	<b>Rating</b>	<b>(M) Moderate</b>		
<b>Description :</b> An initial broader stakeholder identification was conducted. As ENDE-REDD+ involves stakeholders from various sectors outside forestry and at various levels (national, regional and local), some key stakeholder groups may not be identified and their issues overlooked	<b>Risk Management:</b> A comprehensive identification of stakeholders that may be involved in ENDE-REDD+ will be carried out, mapping their role and interest in the process. The stakeholder mapping will be done at the national and regional levels: (i) autonomous regions of the north and south; (ii) north; (iii) central; and, (iv) Pacific. The comprehensive stakeholder mapping will be the baseline for the consultation process, SESA, communications and other activities.			
	<b>Resp: Client and Bank</b>	<b>Stage: Implementation</b>	<b>Due Date : n.a.</b>	<b>Status: pending</b>
<b>2. Implementing Agency Risks (including fiduciary)</b>				
<b>3.1. Capacity</b>	<b>Rating: (S) Substantial</b>			
<b>Description :</b> MARENA does not count with a dedicated multi-disciplinary team that is responsible for leading the national ENDE-REDD+ process resulting in a weak institutional presence at the technical and political levels.  The impact of other sector policies and programs (such as agriculture, infrastructure, energy, mining, and others) may not be consistent, or MARENA may not be able to influence their alignment with a successful REDD+ program.	<b>Risk Management:</b> Establish and maintain a competent technical team composed of the needed expertise (social, forest carbon, communications, legal, forestry, among others) to manage the ENDE-REDD+ process and strengthen institutional capacity given the multi-sector and multi-stakeholder nature of the process. It will be important to gain the required technical capacity to equip MARENA from the very beginning of the readiness preparation phase in support to the work of the three levels of governance that were proposed for the REDD+ process.			
	<b>Resp: Client</b>	<b>Stage: Implementation</b>	<b>Due Date : Sept, 2013</b>	<b>Status: pend.</b>
<b>3.2. Governance</b>	<b>Rating: (S) Substantial</b>			
<b>Description</b> REDD seems to fit well with MARENA's mission and track record with rural communities on forestry issues, in particular with Indigenous Peoples' and other forest-dependent communities. They have shown commitment to following international good-practice standards, including Bank Safeguards. REDD+ is important for MARENA and Nicaragua of its policies, as well as in terms of international visibility, and therefore likely to remain a priority for the government. Nonetheless, during R-PP implementation, the Environmental	<b>Risk Management :</b> Ensure broader support to the SESA and further preparation of the ESMF at the higher level of the ENDE-REDD+ governance structure, including specific commitments by the relevant institutions and the national and territorial levels that could contribute to design and support the main actions under the agreed Framework.  Strong involvement of authorities and leaders of the two Caribbean Coast regions in the three levels of REDD+ governance will be promoted by the project and will enhance overall governance.			

<p>and Social Management Framework (ESMF) may not be translated into the appropriate Action Plans. There might be potential disputes between the Ministry of Environment (MARENA) and the Caribbean Coast autonomous Regions regarding the governance of a REDD+ mechanism and the approaches of the ENDE-REDD+.</p>	<p><b>Resp: Client</b></p>	<p><b>Stage: Implementation</b></p>	<p><b>Due Date : n.a.</b></p>	<p><b>Status:pend.</b></p>
<p><b>4. Project Risks</b></p>				
<p><b>4.1. Design</b></p>				
<p><b>Description :</b> The design of REDD strategies, MRV and Reference Level may be technically complex. REDD+ is a new and still evolving initiative, and will be operated at a broad, national scale with a particular regional approach. Preparation and implementation will necessarily involve a broad array of government and non-governmental actors, adding to the complexity of coordination. Adequate consensus may not be built at a national level to pursue the REDD strategies.</p>	<p><b>Risk Management :</b> REDD Readiness is designed to utilize a flexible and adaptable approach that builds on the best inputs from analytical studies and stakeholder consultation over time. The Task Team will closely follow and provide technical assistance to Nicaragua on the design of the REDD strategy, National forest reference level and monitoring system and the SESA; and the consultative process. Involvement of key ministries, governments of autonomous regions and other stakeholder and agencies and direct dialogue will help ensure those agencies participate in the process.</p>			
<p><b>4.2. Social &amp; Environmental</b></p>				
<p><b>Description :</b> Outstanding land tenure issues will impact the degree for which indigenous peoples participate, take part of the future benefit sharing mechanism and governance of their territories.  Consultations will follow the principles of ILO Convention 169 for indigenous peoples and afro-descendant communities for the ENDE-REDD+. It will be challenging to design a methodology that identifies the representation of indigenous peoples and afro-descendant communities through the various formal and traditional decision-making structures as well as reflecting their contextual challenges.</p>	<p><b>Risk Management :</b> An initial identification of the outstanding land tenure issues will serve the basis for further studies and the impacts on indigenous peoples regarding ENDE-REDD+. Cross-sector coordination with CONADETI and the Commission on Ethnic Affairs at the Levels I and II of the institutional arrangements for designing ENDE-REDD+ will facilitate addressing outstanding land issues and their impact on indigenous peoples if not resolved. A comprehensive social assessment is planned to be carried out in order to identify with further details the various formal and traditional structures as well as representation of indigenous peoples and afro-descendant communities. The methodology will be discussed at Level I and Level II of the institutional arrangement and a specific working group will be created to develop the consultation methodology. MARENA plans to recruit social development expertise to manage the process.</p>			
<p><b>4.3. Program &amp; Donor</b></p>				
<p><b>Description :</b> GIZ USAID, and the FAO are likely to play a role in REDD+ Readiness in Nicaragua. Coordination with other donors and around the same government's priorities (namely, the R-PP)</p>	<p><b>Risk Management:</b> There was a fruitful coordination with GIZ during the R-PP formulation stage. The Task Team will work with MARENA to ensure lines of communication between donors are open. The team will facilitate coordination, especially with MAGFOR's PRORURAL and its roundtables.</p>			

will be complex yet essential.				
	<b>Resp: Client and Bank</b>	<b>Stage: Formulation and Implementation</b>	<b>Due Date : n.a</b>	<b>Status: ongoing</b>
<b>4.4. Delivery Monitoring &amp; Sustainability</b>	<b>Rating: (M) Moderate</b>			
<p><b>Description :</b> The final product of Readiness preparation will be a “Readiness Package”. Success will be determined based on technical design, operational soundness, broad consensus among stakeholders, and consultation with affected communities, particularly among Indigenous Peoples.</p> <p>The success of the overall REDD+ readiness process as defined in the R-PP depends on additional financing (gap) including from the government and other donors. Delays in securing this financing gap could hinder progress and jeopardizing success of the project activities. Thus, sustainability could be at risk.</p>	<p><b>Risk Management:</b> The Readiness Preparation phase must be flexible and allow for activities to be adapted to the outcomes of the different platforms. The grant will prioritize creating the required technical capacity in MARENA and key partner institutions and organizations, as the dialogue on REDD+ evolves. Grant resources have to be strategically positioned to leverage support, build consensus, contribute to increase knowledge, and help bring other capacity on climate change and REDD+ from outside the public sector.</p> <p>The project funding is a basis for future investments, since it funds key activities from the R-PP. The Ministry of Environment (MARENA) will continue fund-raising efforts for REDD+ preparedness, including with its current REDD partners (i.e. USAID and GIZ).</p>			
	<b>Resp: Client</b>	<b>Stage:Implement.</b>	<b>Due Date : n.a.</b>	<b>Status: pend.</b>

## Annex II: FCPF Grant - Results Framework and Monitoring

PDO	Outcome Indicators	Use of Outcome Information
<p>Help Nicaragua become ready for future REDD+ implementation by preparing those key elements, systems, and/or policies needed, generally referred to as the “REDD+ Readiness Package”, in a socially and environmentally sound manner.</p>	<p>The main components of the Nicaragua’s “REDD Readiness Package” (R-Package) are drafted and broadly discussed.</p>	<p>Information on progress of these policies and programs will be collected and assessed to confirm if this project is having the intended impact. If not, adjustments will be made to project activities so as to achieve the desired impact.</p>
Intermediate Results per Component	Results Indicators for each component	Use of Results Monitoring
<p><b>Component 1:</b> Readiness Organization and Consultation</p>	<ul style="list-style-type: none"> <li>i) The ENDE-REDD+ Coordination Unit (GTRE) is established.</li> <li>ii) The ENDE-REDD+ mechanism to exchange information and conduct early dialogue activities with key stakeholders is established and functioning.</li> <li>iii) Indigenous communities of the Caribbean Coast of Nicaragua are adequately consulted and participate in the national ENDE-REDD+ process</li> </ul>	<p>Every semester, these output indicators will be reported on in the project reports and as part of the supervision missions of the Bank.</p> <p>Information will be used to assess planned versus actual accomplishments.</p> <p>Adjustments will be made to the operating plans when needed and justified.</p>
<p><b>Component 2:</b> Preparing the National ENDE-REDD+ Strategy</p>	<ul style="list-style-type: none"> <li>i) The operational Manual of the three-level ENDE-REDD+ governance mechanism is prepared.</li> <li>ii) The ENDE-REDD+ Redress and Conflict Resolution Mechanism is designed.</li> <li>iii) A draft ENDE-REDD+ Strategy document is prepared on the basis of broad consultation.</li> <li>iv) A study on the direct and indirect causes of deforestation and forest degradation, land use, forest legislation, policies and governance is prepared.</li> <li>v) The ENDE-REDD+ proposed strategic options and the implementation framework to address the causes of deforestation and forest degradation are developed and inform the SESA process.</li> <li>vi) The Strategic Environmental and Social Assessment (SESA) is completed and a draft Environmental and Social Management Framework (ESMF) is prepared.</li> </ul>	
<p><b>Component 3:</b> Developing a National Forest Reference Emissions Level</p>	<ul style="list-style-type: none"> <li>i) An Assessment on the available institutional information and capacity to calculate deforestation rates and forest carbon emissions and other co-benefits is prepared.</li> <li>ii) A Study on the required institutional capacity development to prepare a National Forest</li> </ul>	

<b>PDO</b>	<b>Outcome Indicators</b>	<b>Use of Outcome Information</b>
	<p>Reference Emission Level and its further monitoring is prepared.</p> <p>iii) A standard methodology and a protocol for a Reference Scenario and baseline on deforestation and emissions are developed</p>	
<p><b>Component 4</b> Designing a National Forest Monitoring System</p>	<p>i) A multi-purpose National Forest Monitoring System is designed.</p> <p>ii) The capacity of ENDE-REDD+ institutions to carry out monitoring activities is strengthened.</p>	
<p><b>Component 5</b> Designing a Program Monitoring and Evaluation Framework</p>	<p>i) The ENDE-REDD+ Monitoring and Evaluation Plan is prepared and being implemented.</p>	



## **Annex III: Brief description of project activities**

### **Project Components**

This Trust Fund will support different specific activities in five components (related to similar components under the Nicaragua R-PP): (i) ENDE-REDD+ Readiness Organization and Consultation; (ii) Preparing the ENDE-REDD+ Strategy; (iii) Developing a National Forest Reference Emissions Level; (iv) Designing a National Forest Monitoring System and Information on Safeguards; and (v) Designing a Program Monitoring and Evaluation Framework.

#### **Component One: ENDE-REDD+ Readiness Organization and Consultation (US\$ 1.77 million)**

This component will support the PDO by helping establish the ENDE-REDD+ Coordination Unit (GTRE) and the platform to exchange information and conduct early dialogue activities with key stakeholders is established and functioning. Of particular interest, given the process started during R-PP formulation, the project will enhance participation of indigenous communities of the Caribbean Coast of Nicaragua in the national ENDE-REDD+ process, as well as through adequate consultations.

**Activities to be financed would include provision of technical advice, operational costs, training and workshops, and goods for institutional strengthening towards:** (i) promoting and supporting the dialogue and coordination among relevant stakeholders on REDD+ related matters; (ii) carrying out of consultations, in-country and international capacity building with relevant stakeholders to ensure their adequate participation in Readiness Preparation Activities in accordance with an appropriate consultation and participation plan; and (iii) assessing existing feedback and grievance redress mechanisms and, as necessary, bolstering and/or establishing such mechanisms to meet the needs of people who may be affected by REDD+.

#### **Component Two: Preparing the ENDE-REDD+ Strategy (US\$ 1.08 million)**

This component will support the PDO by preparing the operational Manual of the three-level ENDE-REDD+ governance mechanism and designing the ENDE-REDD+ Redress and Conflict Resolution Mechanism. This component will also contribute to prepare and discuss the draft ENDE-REDD+ Strategy document (including the proposed strategic options and the implementation framework to address the causes of deforestation and forest degradation) on the basis of broad consultation, and prepare a study on the direct and indirect causes of deforestation and forest degradation, land use, forest legislation, policies and governance. Moreover, this component will finance the carrying out of the Strategic Environmental and Social Assessment (SESA) to draft the Environmental and Social Management Framework (ESMF).

**Activities to be financed would include consultancies, training and workshops to:** (i) prepare and discuss assessments of land use, causes of deforestation, forest policy and governance; (ii) strengthen REDD-related institutions to enhance their capacity to carry out strategic and territorial planning and policy analysis; (iii) improve and promote control and regulation systems, innovative technologies, knowledge management, as well as environmental awareness in the forestry and agriculture sectors; (iv) design guidelines and regulations for REDD+

arrangements, as well as tools and procedures to monitor benefits and co-benefits resulting from REDD+ activities; and carry out an assessment of potential strategic environmental and social impacts that may arise from future REDD+ activities and/or projects and/or strategies in compliance with World Bank's Safeguard Policies ("Strategic Environmental and Social Assessment").

### **Component Three: Developing a National Forest Reference Emissions Level (US\$ 0.16 million)**

This component will support the PDO by preparing: an assessment on the available institutional information and capacity to calculate deforestation rates and forest carbon emissions and other co-benefits; a study on the required institutional capacity development to prepare the National Forest Reference Emission Level and its further monitoring, and a standard methodology and a protocol for a Reference Scenario and baseline on deforestation and emissions.

**Activities to be financed would include goods, consultancies, training and workshops to:** (i) strengthen institutional capacity of REDD+ institutions; (ii) analyze reference level data and level of precision of the data produced by national institutions through a study on estimations of forest biomass; and (iii) prepare and consult a final proposal of the national reference scenario.

### **Component Four: Designing a National Forest Monitoring System and Information on Safeguards (US\$ 0.46 million)**

This component will support the PDO by contributing to design a multi-purpose National Forest Monitoring System and reinforce the capacity of ENDE-REDD+ institutions to carry out monitoring activities.

**Activities to be financed include consultancies, training, workshops, and goods to:** (i) improve available equipment and staff knowledge in REDD+ institutions as part of the creation of a national planning system on forest resources and an information system on the multiple benefits resulting from REDD+ activities; (ii) prepare a plan to monitor socio-economic and environmental impacts; (iii) establish and carbon forest accounting system; (iv) improve harmonization on the process to estimate forest coverage and forest carbon, the database on forest resources, and the update of the national forest map and inventory.

### **Component Five: Designing a Program Monitoring and Evaluation Framework (US\$ 0.13 million)**

This component will support the PDO by ensuring a comprehensive monitoring and external evaluation of the progress and results achieved by the ENDE-REDD+ process in Nicaragua. **The main activities to be financed will include consultancies, training, and workshops to:** (i) develop a monitoring and evaluation system and commission the mid-term independent evaluation (to be presented at the FCPF PC meetings) and the evaluation of the main products for the R-Package.

## Annex IV: Preparation Schedule and Resources

### Preparation Schedule and Resources

#### Preparation Schedule

Milestone	Basic	Forecast	Actual
AIS Release			
Concept Review			June 27, 2013
Auth Appr/Negs (in principle)		December 12, 2013	
Bank Approval			

#### Sector Unit Estimate of Resources Required from Preparation through Approval

Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)	
		Fixed	Variable
<b>Bank Budget</b>			
<b>Trust Funds</b>		240,000	160,000

#### Team Composition

Bank Staff				
Name	Title	Specialization	Unit	UPI
Augusto Garcia	Sr. Operations Officer, TTL	Team Lead	LCSAR	316207
Mi Hyun Bae	Sr. Social Development Specialist	Social	LCSSO	231729
Julius Thaler	Counsel	Legal	LEGEN	335926
Abdelaziz Lagnaoui	Sr. Environmental Specialist	Environment	LCSEN	240969
Maria Carolina Hoyos	Communication Specialist	Communications	LCSAR	368129
Stavros Papageorgiou	Forest Carbon Specialist	Carbon Forest	LCSAR	444456
Jeannette Ramirez	Operations Officer	Operations Officer	LCSAR	113368
Enrique Antonio Roman	Financial Management Specialist	Financial Management	LCSFM	286993
Francisco Rodriguez	Procurement Specialist	Procurement	LCSPT	185762
Erick C.M. Fernandes	Adviser	Climate Change & NRM	LCSAR	248567
Glenn Morgan	Regional Safeguards Adviser	Safeguards	LCSDE	13880
Ignacio Jauregui	Counsel	Legal	LEGLE	374324
Mayela Murillo	Program Assistant	ACS	LCCNI	319105
Zenia Maria Salinas	Carbon Finance Specialist	Carbon Finance	CPFCF	334978
Non Bank Staff				
Name	Title	Office Phone	City	
Hans Thiel	Senior Forestry Officer, FAO TCIO	+39 0657055763	Rome, Italy	

#### Additional Information (Optional)

**Annex V: R-PP Submitted by the REDD Country Participant**

The document is attached separately

## **Annex VI: Procurement**

### **1. General**

- (a) Procurement for the proposed Project would be carried out in accordance with the World Bank's "Guidelines Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011; the World Bank's "Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011; and the provisions stipulated in the Grant Agreement. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and timeframe are agreed between the Borrower and the Bank in the Procurement Plan.
- (b) MARENA has prepared a Preliminary Procurement Plan for the entire scope of the Project and a detailed and comprehensive Procurement Plan, which includes all contracts for which invitations for bids and proposals are to be issued in the first 18 months of project implementation. The Procurement Plan will be available in the Procurement Plan Execution System (SEPA). Goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding, National Competitive Bidding, Shopping and Direct Contracting. It is not envisaged that FCPF will finance Civil Works activities. Consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection, Quality-Based Selection, Selection under a Fixed Budget, Least-Cost Selection, Selection Based on Consultants' Qualifications, Single-Source Selection, and Procedures set forth in Section V of the Consultant Guidelines for the Selection of Individual Consultants, including Single-Source Selection for Individual Consultants.

### **2. Assessment of the agency's capacity to implement procurement**

- (a) Agencies
  - (i) In accordance with the implementation arrangements, MARENA will be responsible for procurement. An assessment of the capacity to implement the procurement actions of MARENA was updated in May 2013. The assessment looked into: (a) organizational structure, (b) facilities and support capacity, (c) qualifications and experience of the staff that would work in procurement, (d) record-keeping and filing systems, (e) procurement planning and monitoring/control systems used, and (f) capacity to meet the Bank's procurement contract reporting requirements. MARENA has the staff,

experience and capacity from the previous operations to manage the Project, implement World Bank procurement procedures, monitor implementation and provide technical assistance to beneficiaries. The next detailed action plan was prepared to address all risks identified:

MITIGATING MEASURES		STAGE
Update the capacity assessment to conduct procurement based in the final Implementation Arrangements	Procurement specialist	Done – May 2013
Prepare a comprehensive General Procurement Plan	Executing agency	Done – May 2013
Adjust sample bidding documents for NCB, shopping and consultants	Executing agency	Under Preparation
Prepare the Operational Manual	Executing agency	Under Preparation
Prepare a comprehensive, detailed Procurement Plan for the first 18 months of project execution	Executing agency	Done – Nov 2013
Establishment of SEPA as the system to monitor and expedite Procurement Plans	Executing agency–Bank	Done – Nov 2013

(ii) Considering the country risk and the agency’s capacity to implement procurement, as outlined above, the overall project risk for procurement is Substantial (S). The level of risk for this Project will be reassessed once there is evidence that the above mentioned mitigating measures have been properly conducted.

### 3. Special Provisions

In addition and without limitation to any other provisions set forth in this Section, the Procurement Guidelines or the Consultant Guidelines, the following principles of procurement shall expressly govern all procurement of works, goods, non-consulting services or consultants' services, as the case may be:

- (a) foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding;
- (b) no bids shall be rejected, and no provisional awards shall be made at the time of bid opening;
- (c) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices;

- (d) the invitation to bid shall not publish the estimated cost of the contract;
- (e) in the case of Shopping, a minimum of three quotations shall be obtained as a condition to award the contract;
- (f) unless the Association may otherwise agree, for the procurement of goods and non-consulting services, the “best offer” shall be the one submitted by the bidder whose offer was determined to be the lowest evaluated bid and was found substantially responsive to the bidding document acceptable to the Association, provided further that the bidder was determined to be qualified to perform the contract satisfactorily;
- (g) bidders and Consultants shall not be allowed to review or make copies of other bidder’s bids or consultants’ proposals, as the case may be. Likewise, bidders’ and consultants’ responses to requests of clarifications made by the procuring entity during the bidding process shall not be disclosed to other bidders or consultants, as the case may be. Finally, reports including recommendations for award shall not be shared with bidders and consultants prior to their publication;
- (h) eligibility criteria shall be the one defined in Section I of the Procurement Guidelines and Consultant Guidelines. Articles 17 and 18 of the Procurement Law shall not apply;
- (i) automatic rejection of bids or proposals, as the case may be, due to differences between bid or proposal prices and cost estimates being higher than predetermined percentages, shall not be allowed;
- (j) bidders shall have the possibility of procuring hard copies of bidding documents even if they are published on the procurement portal;
- (k) unless so indicated in the applicable Bank Standard Bidding Documents, pre-bid conferences shall not be conducted;
- (l) bid preparation terms shall not be reduced as a result of re-bidding;
- (m) consultants shall not be required to submit proposal and performance securities;
- (n) complaints shall be handled as indicated in the appendixes to the Procurement Guidelines and Consultant Guidelines. Articles 110 to 116 of the Procurement Law shall apply in a supplementary manner;

- (o) the procurement of goods and works shall be carried out using standard bidding documents acceptable to the Association;
- (p) the Recipient, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Association; and (ii) update the Procurement Plan at least every three months, or as required by the Association, to reflect the actual Project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter; and
- (q) the invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, non-consulting and consultants services shall be published in SISCAE, and in a manner acceptable to the Association. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening.

4. **Procurement Plan** (*to be updated before negotiations*)

(a) **General**

- Bank's approval Date of the Procurement Plan: December, 2013
- Date of General Procurement Notice: -
- Period covered by the Procurement Plan: 18 months

(b) **Goods and Non-Consulting services.**

- (i) **Prior Review Threshold:** Procurement decisions subject to prior review by the Bank as stated in Appendix 1 to the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers":

<b>Thresholds for procurement methods and prior review (US\$ thousands) (To be updated with the detailed PP)</b>			
<b>Expenditure Category</b>	<b>Contract Value (Thresholds) US\$</b>	<b>Procurement Method</b>	<b>Contracts Subject to Prior Review</b>
<b>1. Works</b>	>1,500,000.00	ICB	All
	150,000.00 – 1,500,000.00	NCB	First two
	<150,000.00	Shopping	First two
		DC	All



<b>2. Goods</b>	>150,000.00	ICB	All
	25,000.00 – 150,000.00	NCB	First two
	25,000.00 <	Shopping	First two
		DC	All
<b>Note:</b>	ICB = International Competitive Bidding NCB = National Competitive Bidding DC = Direct Contracting		

(c) **Reference to Project Operational/Procurement Manual:** *(to be updated once there is evidence that the Operation Manual has been prepared)*

**Summary of the Procurement Packages for Goods and Non-Consulting Services**

**(Based on Procurement Plan of December, 2013)**

1	2	3	4	5	6	7
Ref. No.	Description	Estimated Cost US\$ million	Packages	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Comments
1	Summary of ICB (Goods)	0.302	1	No	Prior	NA
N	Summary of NCB (Goods)	0.145	2	No	First	NA

**I. Selection of Consultants**

1. **Prior Review Threshold:** Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

<b>Thresholds for methods and prior review (US\$ thousands) (To be updated before negotiations)</b>			
Consulting Services	Contract Value (Thresholds) US\$	Procurement Method	Contracts Subject to Prior Review
<b>3.a Firms</b>	>100,000.00	QCBS, QBS, FBS, LCS, CQS	ALL
	<100,000.00	QCBS, QBS, FBS, LCS, CQS	Terms of Reference
		SSS	All
<b>3.b Individuals</b>	>50,000.00	Comparison of 3 CVs in accordance with Chapter	ALL

		V of Guidelines	
<b>Note:</b>	<p>QCBS = Quality- and Cost-Based Selection  QBS = Quality-Based Selection  FBS = Fixed Budget Selection  LCS = Least-Cost Selection  CQS = Selection Based on Consultants' Qualifications (shall not exceed US\$300,000.00)  SSS: Single Source Selection</p>		

2. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than \$200,000 equivalent per contract, may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

3. **Consultancy Assignments with Selection Methods and Time Schedule**  
**(Based on Procurement Plan dated December, 2013)**

1	2	3	4
Ref. No.	Description of Assignment	Number	Estimated Cost US\$ million
1	Summary of number of contracts that will be let under QCBS	12	0,314
2	Summary of number of contracts that will be let under LCS	1	0,05
3	Summary of number of contracts that will be let under IC	70	1.624

(i) In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended annual supervision missions to visit the field in order to carry out a post review of procurement actions. The size of the sample for post review will be not less than 1 in 5 contracts.

(d) **Advance Contracting.** In the case of retroactive financing the procurement procedures shall be in accordance with the definitions of the Guidelines.

## Annex VII

### Synopsis of proposed Readiness Preparation activities, and budget breakdown<sup>26</sup> in US\$

REDD Readiness Preparation Activities (main FCPF-funded activities)	FCPF	GIZ <sup>27</sup>	USAID <sup>28</sup>	To be financed	TOTAL US\$
<b>Component 1: ENDE-REDD+ Readiness Organization and Consultation</b>	<b>1,771,893</b>	<b>155,000</b>	<b>0</b>	<b>1,168,000</b>	<b>3,094,893</b>
1.a National Readiness Management Arrangements (REDD+ working group coordination)	0	30,000	0	633,000	663,000
1.b Information Sharing and early Dialogue with Key Stakeholders Groups (Facilitation or participation, training, and workshops)	36,000	5,000	0	132,000	173,000
1.c Consultation and Participation Process (Design a Redress mechanism, consultation on the ENDE-REDD+, training)	1,735,893	120,000	0	403,000	2,258,893
<b>Component 2. Preparing the REDD+ Strategy</b>	<b>1,082,220</b>	<b>190,000</b>	<b>0</b>	<b>3,724,000</b>	<b>4,996,220</b>
2.a Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy, and Governance (Analysis of the drivers and of key elements to formulate the Strategy)	162,000	30,000	0	155,000	347,000
2.b REDD+ Strategy Options (Institutional strengthening, establishing a Redress Mechanism, Support to Institutional Strategic Planning, Analysis of Policy Environment and Incentives in the Forest and Agriculture Sectors, Improve Forest and Environmental Control and Regulation Systems, Innovation Technologies for the Forest and Agriculture Sectors, Knowledge Management and Environmental Awareness; Support to Territorial Planning; Analysis of Financial Incentives)	697,220	0	0	3,479,000	4,176,220
2.c REDD+ Implementation Framework (Prepare Guidelines and Regulations on REDD+ activities, Analysis of Transaction Costs, Develop Tool and Procedures to Monitor Benefits and co-Benefits, Institutional Arrangements for ENDE-REDD+ Implementation and Monitoring)	91,500	160,000	0	90,000	341,500
2.d Social and Environmental Impacts during Readiness Preparation and REDD+ Implementation (Stakeholders Mapping,	131,500	0	0	0	131,500

<sup>26</sup> A detailed budget for each component and all the information on the Nicaragua R-PP is available at <http://www.forestcarbonpartnership.org/nicaragua>

<sup>27</sup> See the note at the end of the table

<sup>28</sup> See the note at the end of the table

<b>REDD Readiness Preparation Activities (main FCPF-funded activities)</b>	<b>FCPF</b>	<b>GIZ<sup>27</sup></b>	<b>USAID<sup>28</sup></b>	<b>To be financed</b>	<b>TOTAL US\$</b>
Social and Environmental Assessment, Gender Analysis, SESA Workshops and Training, Develop the ESMF)					
<b>Component 3: Developing a National Forest Reference Emission Level</b>	<b>159,480</b>	<b>0</b>	<b>150,000</b>	<b>180,000</b>	<b>489,480</b>
3.1 Evaluation of the Institutional Information and Capacity	15,000	0	12,750	13,000	40,750
3.2 Capacity Building to develop a Reference Scenario and its further Monitoring	43,080	0	60,000	60,000	163,080
3.3 Analysis of data and level of precision	35,000	0	22,500	50,000	107,500
3.4 Develop a standard methodology of the Reference Scenario	51,400	0	41,250	45,000	137,650
3.5 Prepare a final proposal for a Reference Scenario	15,000	0	13,500	12,000	40,500
<b>Component 4: Designing a Systems for National Forest Monitoring and Information on Safeguards</b>	<b>454,407</b>	<b>0</b>	<b>150,000</b>	<b>1,469,000</b>	<b>2,073,407</b>
4.a Design a National Planning System on Forest Resources and the Information on Safeguards	394,407	0	90,000	1,454,000	1,938,407
4.b Design an Information System for Multiple Benefits, and Safeguards	60,000	0	60,000	15,000	135,000
<b>Component 5: Designing a Program Monitoring and Evaluation Framework</b>	<b>132,000</b>	<b>0</b>	<b>200,000</b>	<b>132,000</b>	<b>464,000</b>
5.a Develop an M&E System (after six months)	38,000	0	100,000	52,000	190,000
5.b External Evaluations of the M&E System (after 24 and 48 months)	29,000	0	45,000	30,000	104,000
5.c External Evaluations on the quality of the products, instruments, and approaches developed and implemented in the ENDE-REDD+ Readiness Process	65,000	0	55,000	50,000	170,000
<b>TOTAL</b>	<b>3,600,000</b>	<b>345,000</b>	<b>500,000</b>	<b>6,673,000</b>	<b>11,118,000</b>

- Both the GIZ and the USAID programs are implemented with the Central American Governments, in coordination with the Central American Commission on Environment and Development (CCAD). According to MARENA, current contributions to R-PP implementation from GIZ and USAID programs are planned for the first 18 months. Over the next four years, MARENA expects that total contributions would reach approximately US\$1.5 million per donor. In such case, the financing gap of the R-PP would be reduced to approximately US\$4.5 million. MARENA plans to fill this gap with additional FCPF financing to be requested on the basis on a successful mid-term report of this grant.
- The Government of Nicaragua's contribution was not detailed in the R-PP. However, MARENA and other public institutions would dedicate some of their institutional resources to support ENDE-REDD+ activities.

No	Component (FCPF grant)	Financing table by year (2014-2017)				Total
		2014	2015	2016	2017	
1	ENDE-REDD+ Readiness Organization and Consultation	546,388	428,504	408,500	388,500	<b>1,771,893</b>
2	Preparing the ENDE-REDD+ Strategy	143,383	538,630	309,540	90,667	<b>1,082,220</b>
3	Developing a National Forest Reference Emissions Level	3,616	100,164	50,700	5,000	<b>159,480</b>
4	Designing a National Forest Monitoring System and Information on Safeguards	56,059	328,498	69,850	0	<b>454,407</b>
5	Designing a Program M&E Framework	2,500	34,667	33,667	61,167	<b>132,000</b>
	<b>Total</b>	<b>751,946</b>	<b>1,430,463</b>	<b>872,257</b>	<b>545,334</b>	<b>3,600,000</b>
		<b>21%</b>	<b>40%</b>	<b>24%</b>	<b>15%</b>	<b>100%</b>

Financing by Components and Categories of Expenses (FCPF Grant)						
No.	Description	Consultant's services	Training and Workshops	Goods	Operation Costs	Total US\$
<b>1</b>	<b>ENDE-REDD+ Readiness Organization and Consultation</b>					<b>1,771,893</b>
1.1	Information Sharing and early Dialogue with Key Stakeholders Groups (Facilitation or participation, training, and workshops)		36,000			36,000
1.2	Consultation and Participation Process (Design a Redress mechanism, consultation on the ENDE-REDD+, training)	995,484	89,500	189,950	460,959	1,735,893
<b>2</b>	<b>Preparing the ENDE-REDD+ Strategy</b>					<b>1,082,220</b>
2.1	Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy, and Governance (Analysis of the drivers and of key elements to formulate the Strategy)	112,000	50,000			162,000

<b>Financing by Components and Categories of Expenses (FCPF Grant)</b>						
<b>No.</b>	<b>Description</b>	<b>Consultant's services</b>	<b>Training and Workshops</b>	<b>Goods</b>	<b>Operation Costs</b>	<b>Total US\$</b>
2.2	REDD+ Strategy Options (Institutional strengthening, establishing a Redress Mechanism, Support to Institutional Strategic Planning, Analysis of Policy Environment and Incentives in the Forest and Agriculture Sectors, Improve Forest and Environmental Control and Regulation Systems, Innovation Technologies for the Forest and Agriculture Sectors, Knowledge Management and Environmental Awareness; Support to Territorial Planning; Analysis of Financial Incentives)	530,220	167,000			697,220
2.3	REDD+ Implementation Framework (Prepare Guidelines and Regulations on REDD+ activities, Analysis of Transaction Costs, Develop Tool and Procedures to Monitor Benefits and co-Benefits, Institutional Arrangements for ENDE-REDD+ Implementation and Monitoring)	42,500	49,000			91,500
2.4	Social and Environmental Impacts during Readiness Preparation and REDD+ Implementation (Stakeholders Mapping, Social and Environmental Assessment, Gender Analysis, SESA Workshops and Training, Develop the ESMF)	104,000			27,500	131,500
<b>3</b>	<b>Developing a National Forest Reference Emissions Level</b>					<b>159,480</b>
3.1	Evaluation of the Institutional Information and Capacity	5,000	10,000			15,000
3.2	Capacity Building to develop a Reference Scenario and its further Monitoring	25,000		18,080		43,080
3.3	Analysis of data and level of precision	35,000				35,000
3.4	Develop a standard methodology of the Reference Scenario	51,400				51,400
3.5	Prepare a final proposal for a Reference Scenario		15,000			15,000
<b>4</b>	<b>Designing a National Forest Monitoring System and Information on Safeguards</b>					<b>454,407</b>

<b>Financing by Components and Categories of Expenses (FCPF Grant)</b>						
<b>No.</b>	<b>Description</b>	<b>Consultant's services</b>	<b>Training and Workshops</b>	<b>Goods</b>	<b>Operation Costs</b>	<b>Total US\$</b>
4.1	Design a National Planning System on Forest Resources and the Information on Safeguards	99,100	55,000	240,307		394,407
4.2	Design an Information System for Multiple Benefits, and Safeguards	60,000				60,000
<b>5</b>	<b>Designing a Program M&amp;E Framework</b>					<b>132,000</b>
5.1	Develop an M&E System (after six months)	13,000	20,000		5,000	38,000
5.2	External Evaluations of the M&E System (after 24 and 48 months)	19,000	10,000			29,000
5.3	External Evaluations on the quality of the products, instruments, and approaches developed and implemented in the ENDE-REDD+ Readiness Process	50,000	15,000			65,000
	<b>TOTAL</b>	<b>2,141,704</b>	<b>516,500</b>	<b>448,337</b>	<b>493,459</b>	<b>3,600,000</b>
		59%	14%	12%	14%	100%

## Annex VIII

### Additional background on the Forest Carbon Partnership Facility (FCPF)

1. The Forest Carbon Partnership Facility (FCPF) is assisting developing countries in their efforts to reduce emissions from deforestation and forest degradation, and promote the role of conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) by providing value to standing forests. The FCPF<sup>29</sup> was announced at CoP13 in Bali in December 2007 and became operational in June 2008.
2. The FCPF is helping build the capacity of developing countries in tropical and subtropical regions to reduce emissions from deforestation and forest degradation and to tap into any future system of positive incentives for REDD+. The aim is to enable countries to tackle deforestation and reduce emissions from REDD+ as well as develop capacity for assessment of measurable and verifiable emission reductions.
3. The FCPF's initial activities relate to strategic planning and preparation for REDD+ in IBRD and IDA member countries in the tropics across Africa, East Asia and Pacific, Latin America and the Caribbean and South Asia. Specifically, countries prepare for REDD+ by:
  - a. assessing the country's situation with respect to deforestation, forest degradation, conservation and sustainable management of forests and relevant governance issues;
  - b. identifying REDD+ strategy options;
  - c. assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
  - d. working out a reference level of historic forest cover change and greenhouse gas emissions and uptake from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions; and
  - e. designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+.
4. These preparatory activities are referred to as 'REDD+ Readiness' and are supported in part by the Readiness Fund of the FCPF. This FCPF Readiness Preparation grant activity (referred to as "Project" in the R-PP Assessment Note) will fund only a portion of the R-PP activities, but will help the Country towards achieving REDD+ Readiness, even though the Country may not reach this stage until well after the grant closes; it will not

---

<sup>29</sup> More information is available at [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)



finance any implementation of REDD+ activities on the ground (e.g., investments or pilot projects).

5. It is expected that approximately five to ten countries that will have made significant progress towards REDD+ readiness will also participate in the Carbon Finance Mechanism and receive financing from the Carbon Fund. Specifically, these countries will benefit from performance-based payments for having verifiably reduced emissions from deforestation and/or forest degradation through their Emission Reductions Programs. The structure of these payments will build on the options for REDD+ that are currently being discussed within the United Nations Framework Convention on Climate Change (UNFCCC) process, with payments made to help address the causes of deforestation and degradation.
6. The experiences generated from the FCPF's methodological, pilot implementation and carbon finance experience will provide insights and knowledge for all entities interested in REDD+. The FCPF thus seeks to create an enabling environment and garner a body of knowledge and experiences that can facilitate development of a much larger global program of incentives for REDD+ over the medium term.
7. Thirty-seven countries have been selected as REDD+ Country Participants in the FCPF Readiness Mechanism, based on Readiness Preparation Idea Notes reviewed by the Participants Committee and independent reviews by a Technical Advisory Panel.
8. Nicaragua, as many of these REDD Country Participants received grant support to develop a Readiness Preparation Proposal (R-PP), which contains a detailed assessment of the drivers of deforestation and forest degradation, terms of reference for defining their emissions reference level based on past emission rates and future emissions estimates, establishing a national forest monitoring system for the measurement, reporting and verification of GHG emissions reductions from REDD+ activities, adopting or complementing their national REDD+ strategy, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy. A Consultation and Participation Plan is also part of the R-PP.
9. Nicaragua has developed and submitted an R-PP. This REDD+ Readiness Preparation grant will provide additional funding to support the Country in carrying out the activities outlined in its R-PP. The grant will fund only a portion of the R-PP activities, but will help the Country towards achieving REDD+ Readiness, even though the Country may not reach this stage until well after the grant closes. Based on the activities outlined in the R-PP, it is expected that the Country would be able to participate in future REDD+ carbon transactions.

## Annex IX

### Financial Management

#### Risk Assessment and Mitigation. Risk Rating

Overall FM risk is rated as **Moderate**. The FM arrangements, which include a series of additional measures, respond to the identified risks and provide a suitable supervision strategy. The adequacy of FM arrangements would be continuously monitored during Project supervision, with adjustments made if necessary to ensure fiduciary compliance. Table A.1.1 presents the risk assessment and mitigation measures incorporated into Project design and the FM implementation arrangements.

Table A.1.1 – Risk Assessment and Mitigation Measures incorporated into Project design and the FM implementation arrangements

Control risk		
Budgeting, Accounting, Internal Control	M	<ul style="list-style-type: none"> <li>MARENA will continue using SIGFAPRO system to register, control and report the execution of Project funds.</li> <li>A basic Operational Manual has to be updated detailing principal FM procedures, to be adopted for this Project.</li> </ul>
Funds Flow	M	<ul style="list-style-type: none"> <li>MARENA will submit the withdrawal applications to the Bank, and will make project payments for the established categories and document project eligible expenditures to the Bank on a periodic basis.</li> <li>External Audit will include specific provisions for ensuring coverage of use of funds.</li> <li>All funds will be centrally executed in MARENA and it is not expected any transfers to other entities.</li> <li>Individual Designated account in dollars, under traditional mechanism of replenishment by SOE method with a second tier operational account.</li> </ul> <p>The assessment mainly identified a risk related to some funds transfers to execute specific activities in MARENA's local offices in RAAN and RAAS that could be mitigated with Regional Accountants to follow up the advances, execution and the respective expense supporting documentation</p>
Financial Reporting, Auditing	M	<ul style="list-style-type: none"> <li>Semmiannual Financial Reports.</li> <li>Annual External Audit Financial Statements for the entire project life.</li> </ul>
FM Risk	M	

Financial Management Action Plan. An Action Plan to ensure that adequate FM systems are in place before implementation begins. Detailed activities are presented in Table A.1.2.

Table A.1.2 Action Plan for MARENA

Action	Responsible Entity	Completion Date <sup>30</sup>
1. Prepare audit TORs and submit to the Bank.	MARENA	September 2013.

<sup>30</sup> This column presents the estimated completion date, and is not an indication of legal conditions.

2. Contract two Accountants one for the local Office in GRAAN and GRAAS	MARENA	October 2013.
2. Contract external audit satisfactory to the World Bank for the entire implementation period of the Project.	MARENA	November 2013. Legal covenant.
3. Update the Operational Manual in its FM procedures	MARENA	August 2013.
4. Provide specific training in FM & Disbursements for Project FM Staff	World Bank	Done.

World Bank FM Supervision Plan. A World Bank FM Specialist would complete a supervision mission prior to Project's effectiveness to verify the implementation of the action plan and review all FM arrangements for the Project. After effectiveness, the FM Specialist would review the annual audit report, the financial sections of the semiannual IFRs and perform at least one formal supervision mission per year. This Supervision strategy will be reviewed periodically and adjusted based on performance and risk.

## Annex X

### Participation and early dialogue Matrix (based on the stakeholders map)

Sector	Organización	Estatus de participación en la formulación del R-PP y el proceso de preparación para REDD+	Plataformas/Actividades/Productos propuestos para fortalecer diálogo sistemático	Fecha	Contacto en la organización
<b>Sector Indígena</b>	<b>Territorios Indígenas de la RAAN</b> con etnia predominante Miskito  Tawira Prinzu Auhya Un Prinzu Awala Karata Diez Comunidades Twi Waupasa Tasba Pri Wanki Twi – Tasba Raya Li Lamni Tasbaika Kum Wanki Li Aubra Wanki Maya  <b>Etnia predominante Mayangna</b>  Amasau Kipla Sait Tasbaika Kum Mayangna Sauni Arungka - Matumbak Mayangna Sauni As Mayangna Sauni Bas Twahka	18 líderes indígenas de la RAAN y 10 líderes indígenas de la RAAS lograron ampliar sus conocimientos acerca de los principios, criterios y conceptos del proceso ENDE/REDD+. 18 líderes indígenas conocieron el avance del proceso actual en Nicaragua para aplicar al mecanismo de incentivos forestales.  Establecida la coordinación e integración de las regiones Autónomas del Atlántico Sur y del atlántico norte con las instancias regionales en el proceso de preparación de la ENDE y el esquema sub nacional.	Profundizar el nivel de coordinación entre el nivel I y el nivel II para lograr una propuesta ENDE articulada y participativa. Ampliar el proceso de diálogo y coordinación técnico-política entre la RAAN y la plataforma nacional. Este diálogo permitió considerar la particularidad del territorio, por tener un régimen de propiedad comunitaria, gobernanza comunal y amplias áreas de bosques con presión del avance de la frontera agrícola que favorecen la deforestación. Preparar y ejecutar un plan de divulgación para los GTI y comunidades indígenas	<b>17 de abril del 2012</b>	<b>Líderes RAAN</b> Efraín Bell Carlos Chow Wilfredo Davis Emiliano Romero Francisco Ramos Diez
		Líderes locales dieron continuidad al proceso participativo de la Evaluación Social y Ambiental Estratégica (SESA).  Los líderes identificaron los riesgos y beneficios de las Opciones Estratégicas de la ENDE desde la perspectiva social, ambiental, legal y de políticas públicas.	Establecer oficinas de coordinación en cada territorio	<b>17 de octubre del 2012.</b>	

Sector	Organización	Estatus de participación en la formulación del R-PP y el proceso de preparación para REDD+	Plataformas/Actividades/Productos propuestas para fortalecer diálogo sistemático	Fecha	Contacto en la organización
	<u><b>Territorios Indígenas de la RAAS:</b></u> Taspauie Pearl Lagoon Corn Island Bluefields	<p>10 líderes indígenas de la RAAS lograron ampliar sus conocimientos acerca de los principios, criterios y conceptos del proceso ENDE/REDD+.</p> <p>10 líderes indígenas conocieron el avance del proceso actual en Nicaragua para aplicar al mecanismo de incentivos forestales.</p>	<p>Se propone transferir información al Nivel III, sobre qué roles, normas, regulaciones y propuestas de soluciones de la ENDE-REDD+ deben estar definidas por los diferentes actores para fortalecer los procesos de diálogo y de comunicación.</p>	<p><b>25 de abril del 2012</b></p>	<p><u><b>Lideres RAAS</b></u>            Jimmy Martínez            Keneth Fox            Cristina Morris            Thomas            Hammonds</p>
		<p>Líderes locales dieron continuidad al proceso participativo de la Evaluación Social y Ambiental Estratégica (SESA).</p> <p>Los líderes identificaron los riesgos y beneficios de las Opciones Estratégicas de la ENDE desde la perspectiva social, ambiental, legal y de políticas públicas.</p>	<p>Asegurará la participación de las autoridades territoriales en el nivel 1 de la ENDE.</p> <p>Se dispondrá de talleres de divulgación en los temas de ordenación del territorio y tenencia de la tierra en los gobiernos territoriales.</p>	<p><b>09 de octubre del 2012.</b></p>	<p>Pedro Ordoñez</p>
	<u><b>Territorios Indígenas Pacífico Centro Norte:</b></u> Chorotegas, Diriangen, Masaya, Nicarao y Adiact-Agateite Comunidad Indígena CIWLP Pueblo Indígena Cusmapa Pueblo Indígena Mozonte Pueblo Ind. MozonteN Resp. Red Mujeres Indígenas PCN Consejo de Ancianos APRODIN	<p>21 líderes indígenas familiarizados con algunos principios, criterios y conceptos del proceso ENDE y REDD+.</p> <p>21 líderes indígenas contribuyen con información y conocimiento ancestrales a la propuesta de preparación de la ENDE.</p> <p>Se iniciado el proceso de consulta con los Pueblos Indígenas Pacífico Centro Norte para la preparación de la ENDE de acuerdo al convenio 169.</p> <p>Se iniciada la coordinación e integración al proceso de la ENDE con los pueblos indígenas del Pacífico Centro Norte</p>	<p>Se propone integrar a representantes de los Pueblos Indígenas PCN en los niveles I y II de la ENDE.</p> <p>Documentar los talleres por medio de una ayuda memoria y hacer entrega a los participantes, a través de la Red de los Pueblos Indígenas del PCN.</p> <p>Incluir en el proceso de elaboración de la estrategia, recursos para la consulta a nivel comunitario en los Pueblos Indígenas del PCN; previa definición de metodología y con base en el convenio 169.</p> <p>Preparar y ejecutar, un plan de divulgación y sensibilización sobre el tema ENDE, con los Pueblos Indígenas del PCN.</p> <p>incluir a la Red en los espacios de discusión políticos (foros) a la Red de Pueblos Indígenas del PCN</p>	<p><b>17 de Mayo del 2012</b></p>	<p>Ma. José Mendoza Galán</p>

Sector	Organización	Estatus de participación en la formulación del R-PP y el proceso de preparación para REDD+	Plataformas/Actividades/Productos propuestas para fortalecer diálogo sistemático	Fecha	Contacto en la organización
		<p>(PCN)</p> <p>Los líderes cuentan con una plataforma de participación para intercambiar sus ideas y riesgos Han identificado los riesgos y los beneficios de las Opciones Estratégicas de la ENDE desde la perspectiva social, ambiental, legal y de políticas públicas.</p>	<p>Crear mesas de concertación entre el gobierno indígena y el municipal para una mejor gobernanza territorial. Las comunidades y líderes participan en la preparación de un plan de trabajo inicial del Sistema de información de beneficios múltiples y del Sistema de Evaluación Social ambiental en el marco de la Estrategia de Reducción de Deforestación y Degradación de los bosques.</p>	<p><b>25 y 26 de octubre 2012</b></p>	<p>Justheau Osejo Valdivia Santos Román Mercado Méndez</p>
<b>Sector Campesino</b>	FUNCOS UNAG	<p>2 Representantes del sector campesino participan en el dialogo y socializar de los insumos para la revisión y ajustes del documento de la versión 5 de la Estrategia Nacional de Deforestación Evitada /R –PP. Contextualizar al público aspectos claves del proceso ENDE/REDD+. Generar insumos para la construcción del documento del R-PP específicamente en el componente 2d. Proceso metodológico SESA socializado</p>	<p>Se proponen reuniones de coordinación para mejorar las relaciones interinstitucionales. Mantener informados a los actores a través de Medios de comunicación.</p> <p>Procurar reuniones y mecanismos de coordinación para evitar que la iniciativa desincentive las actividades agropecuarias y cause polémica.</p> <p>Posicionar dentro de las agendas de discusión métodos que combinen la producción agrícola con equilibrio ambiental</p>	<p><b>Bluefields, 25 de abril del 2012.</b></p> <p><b>25 de mayo del 2012</b></p>	<p>Marvin González</p> <p>Germán Duarte Macías</p>
<b>Sector ONGs</b>	<p>AMICA NITLAPAN ANACC CADPI CARE CENTRO HUMBOLT Soswatch Fundación del Río Jóvenes Ambientalistas Bosques del Mundo PICNTAC- CPICH IPADE</p>	<p>Las ONG's participan y aportan, revisan y discuten en el marco del proceso de diálogo y socialización de los insumos para la preparación de la ENDE y su esquema sub nacional.</p>	<p>Traducir los documento en un lenguaje sencillo para procurar que los miembros de la plataformas de discusión conozcan los temas que se van a tratar. Procurar recursos para que las instituciones tenga un nivel de coordinación, por ejemplo: con el INAFOR, MARENA, PGR, Ejercito de Nicaragua (Batallón ecológico), FISCALIA con la capacidad de decisoria del monitoreo del manejo forestal.</p> <p>Apoyar una metodología común a los procesos de diálogo y comunicación.</p>	<p><b>17 de abril del 2012 19 de Abril, 2012.</b></p>	<p>Rodalina González Flores Steve Bushey Wulot</p> <p>Arturo Ávila Denis Mairena</p>

Sector	Organización	Estatus de participación en la formulación del R-PP y el proceso de preparación para REDD+	Plataformas/Actividades/Productos propuestas para fortalecer diálogo sistemático	Fecha	Contacto en la organización
	AGREFOR	Las ONG's conocen el proceso metodológico SESA y generan insumos	Se propone como un espacio de coordinación y articulación el grupo de seguimiento SESA.	25 de mayo del	Iris S. Valle Miranda
		Las ONG's han identificados y ratificados las causas directas de la deforestación y las causas indirectas. La ONG's han definido los beneficios e impactos de las líneas estratégicas propuestas en la ENDE-REED	Se proponen que dentro de la mesa de trabajo SESA se analice la posibilidad que el SESA de seguimiento a las actividades que buscan unificar los procesos de planificación en torno al cumplimiento de objetivos, ejemplo planes municipales y planes de pueblos indígenas. Asegurar la mayor participación de actores claves en los procesos de articulación, planificación y ejecución de acciones estratégicas.  La mesa de trabajo SESA debe dar seguimiento al proceso de diseño del bono ambiental o cualquier mecanismo financiero para procurar la distribución equitativa de beneficios generados y el cumplimiento a las normas del derecho (Tomar como referencia el estudio de costos de oportunidad propuesto en la lista de estudios)  La mesa de trabajo debe ser un espacio de discusión para el análisis de los derechos de propiedad y para el cumplimiento de la salvaguarda sobre derechos indígenas y reasentamiento involuntario.  Las mesas de trabajo SESA y los talleres de capacitación deben discutir la participación de la plataforma de multi-actores en la consulta realizada en el marco de la ENDE	25 y 26 de octubre 2012  29 de Abril del 2013	
<b>Sector Privado</b>	Regente Forestal Asociación Reforestados Norteak de Madera INACSA PRONICARAGUA A COPICO PROYECD-UNT NOT-VERDE ASOCIACIÓN DE	El sector privado esta consiente de las implicaciones de la estrategia tanto positivas como negativas y demanda una mayor participación en la toma de decisiones.	Procurar en las reuniones, talleres, intercambios y la mesa de trabajo SESA el seguimiento que la ENDE se desarrollo enfocado al Manejo de buenas prácticas agropecuarias y forestal. Sostenibilidad, conservación de suelos, agua y fauna, esto con total responsabilidad y sin detrimento al sector privado  El sector privado expresa la	17 de abril del 2012 19 de Abril, 2012 25 y 26 de octubre del 2012	Valentin Flores Joya Bayardo Salvador Mayorga

Sector	Organización	Estatus de participación en la formulación del R-PP y el proceso de preparación para REDD+	Plataformas/Actividades/Productos propuestas para fortalecer diálogo sistemático	Fecha	Contacto en la organización
	BOSQUES PRIVADOS		necesidad de implementar una política para mejorar la tecnificación de parte de los sectores productivos porque hay menos interés en rentar tierras para actividades específicas (ganadería).		
<b>Sector Academia</b>	UNA UNI URACAN BICU	Las universidades conocen la metodología SESA y han aportado en la construcción del documento borrador del plan de trabajo	Las universidades ponen a disposición su conocimiento técnico para analizar todos los estudios que se realicen en el marco del SESA en mesas de trabajos especiales.	<b>17 de abril del 2012</b> <b>19 de Abril, 2012.</b> <b>25 de abril del 2012.</b> <b>25 de mayo 2012</b>	Germán López Enríquez Cordón
<b>Sector Gobierno</b>	MARENA MAGFOR INAFOR MINSA INETER FONADEFO SERENA/GRAAN GTI-WTTR-W. CCCF-RAAN CRAAS GRAAN Alcaldía Bluefields	La mayoría de las instituciones del gobierno vinculadas con la ENDE están identificados con la estrategia pues han participado en todos los eventos de la plataforma de múltiples sectores	Proponen la articulación de acciones entre las instituciones a través de una mayor coordinación. Proponen la articulación de el marco político para lo cual se deberán realizar estudios de las descritos en el Plan de Trabajo SESA. Existe voluntad política para que el proceso de construcción de la ENDE cuente con la participación de una plataforma de múltiples actores.	<b>17 de abril del 2012</b> <b>19 de abril del 2012</b> <b>25 de abril del 2012.</b> <b>17 de Mayo del 2012</b> <b>18 de mayo del 2012</b> <b>23-24 de mayo del 20122</b> <b>25 de mayo del 2012</b> <b>28 de mayo del 2012</b>	Javier Gutiérrez Magaly Urbina Melvin Miranda Rommel Constantino Jorge Canales Rosibel Hernández David Arce Anthony Omier Harold Bacon
Sector Donantes	GIZ ICCO Banco Mundial Proyecto Corazón	Algunas instancias de cooperación están comprometidas con el proceso de construcción de la ENDE	El acompañamiento y el financiamiento de algunas actividades que fortalecen los procesos de diálogos y comunicación.	<b>17 de abril del 2012</b> <b>19 de abril del 2012</b> <b>25 de abril del 2012.</b> <b>17 de Mayo del 2012</b> <b>18 de mayo del 2012</b> <b>23-24 de mayo del 20122</b> <b>25 de mayo del 2012</b> <b>28 de mayo del 2012</b>	Marvin Centeno Peter J. Denoc Augusto García Georgina Orozco



# Annex XI

## Functional Scheme for the REDD+ Levels

