

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF099264  
Printed On: 11/12/2020

Reporting Period: 07/01/2018 to 06/30/2019  
Report Type: Progress Report  
Report Status: Approved

Assignment: TF099264

## FCPF Nicaragua Readiness Preparation Proposal - Formulation Grant FCPFR - Forest Carbon Partnership Facility

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Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	ACTV
Recipient Country	Nicaragua
Executed By	Recipient
Managing Unit	9272 - SLCEN
Grant Start Date / End Date	08/31/2011 to 12/30/2020
Original Grant Amount	200,000.00
Grant Amount	8,800,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	6,458,635.26 as of 06/30/2019
Disbursed 07/01/2018 to 06/30/2019	2,058,635.28
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program(FCPFR), Disbursements.

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## OVERVIEW

### Overall Assessments

#### Grant Objectives:

The objective of the grant's Formulation Activities is to assist the recipient, as a REDD Participant Country in the FCPF, to develop its Readiness Preparation Proposal (R-PP) on the basis of the Readiness Plan Idea Note and following the FCPF template for the Readiness Plan. Later stages of the grant may also assist with further development of R-PP components, thus helping the country to move toward 'REDD Readiness'.

#### Overall progress from 07/01/2018 to 06/30/2019 with regard to Achieving Grant Objectives:

##### Comment:

This GRM reports on the overall progress up to June 30, 2019.

The PDO for the second and third installments of the grants (\$3.6M and \$5M) is to help the Recipient become ready for future ENDE - REDD+ implementation by preparing its key elements, systems, and/or policies needed, in a socially and environmentally sound manner.

The grants have helped achieve the PDO as the preparation of Nicaragua's REDD Readiness Package (R-Package) was completed. The grant disbursements reached 73 percent by June 30 2019 and 100 percent of remaining funds were committed to be implemented by the closing date.

Nicaragua is establishing robust national REDD+ management arrangements, while progressing relatively well in the design of the ENDE-REDD+ strategy. The country is progressing well in establishing the Forest Reference Emission Level / Forest Reference Level and the National Forest Monitoring System, as well as in designing and implementing a Monitoring and Evaluation framework for the project. MARENA has achieved progress in the design of an information system on multiple benefits to stakeholder groups, resulting from ENDE-REDD+ activities. These activities were well identified in the project operational plan and continued to be undertaken with the remaining funds from the grants.

The Forest Carbon Partnership Facility (FCPF) has consolidated as the main funding source for Nicaragua to prepare its Readiness Package. In the process, the country has increased its institutional capacity, ownership, and understanding of the REDD process. The dialogue on the Nicaragua Emission Reduction Program Document (ERPD) proposal has benefitted from this increased capacity, which is allowing to speed up ERPD preparation. Other development partners, however, continue supporting REDD Readiness through direct technical collaboration with MARENA and INAFOR (i.e. the GIZ program to support REDD+ in Central America) or with the Northern and Southern Caribbean Coast Regional Autonomous Governments.

The government continues highly committed to increase the role of the forest sector in achieving the national development and environmental goals. MARENA undertook a multi-stakeholder assessment of the country's Readiness towards REDD+. The results have been satisfactory and are presented in the R-Package submitted by Nicaragua to the FCPF Participants Committee. MARENA and the Project Management Unit have received broad support from top-level ministries including the Presidential Secretariat for National Public Policies, the Ministry of Finance and Public Credit, and the Presidential Secretariat for Development of the Caribbean Coast of Nicaragua. Since Nicaragua intends to access resources from the FCPF Carbon Fund, the Readiness process is instrumental to establish the foundations to prepare a solid Emission Reduction Program Document with strong stakeholder support. As a result, MARENA has focused its Readiness efforts mainly in the Caribbean Coast regions, the accounting area of a future Emission Reduction Program.

#### Overall progress from 07/01/2018 to 06/30/2019 with regard to Implementation of Grant Financed Activities:

##### Comment:

Overall, implementation progress over the reporting period is satisfactory. The REDD+ management structures, including a three-level decision-making platform (policy, technical and general public), continued to be fully operational and worked to speed up both the dialogue on the R-Package and on the ERPD. Indigenous Peoples and Afro-Nicaraguan representatives continued to participate actively in both the policy and technical working groups of the Readiness process.

During the reporting period, the following milestones were achieved:

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- A second version of the National Deforestation and Forest Degradation Reduction Strategy was prepared;
- The Caribbean Coast Development Strategy and 2020-2024 Plan of Action linked to ENDE-REDD+ was updated and completed;
- The process of updating the National Forestry Programme, linked to ENDE-REDD+ continue to be carried out;
- The Emissions Reduction Programme Document (ERPD), intended to fight climate change and poverty on the Caribbean Coast, the BOSAWAS biosphere reserve and the Indio Maíz biological reserve, was completed. Nicaragua complied with 100% of the 78 criteria and standards of the evaluation framework. The document was presented and defended before the FCPF from July 8 to 11, 2019.
- The Nicaraguan Institute of Territorial Studies (INETER), the Nicaraguan Forestry Institute (INAFOR), MARENA and regional governments counted with the technological equipment to ensure the administration, management, monitoring and reporting regarding changes in soil use, monitoring of biodiversity and non-carbon indicators; and,
- The conceptual structure of the early warning system for deforestation and forest degradation were designed.
- The safeguards framework has been built, in accordance with the environmental and social standards of the Emissions Reduction Programme.
- An analytical study of the causes of deforestation and forest degradation nationwide was prepared.
- A dialogue and participation in the Pacific, central and northern regions of Nicaragua was expanded.
- Nicaragua prepared a baseline for emissions reference levels for deforestation and forest degradation. The baseline has been reported to the UNFCCC.

## Grant follow-up and structure

### Description and context of Grant:

No restructuring to report

**Expected follow up (if any):** Expanded capacity

### Comment on follow up:

The following activities were agreed to be completed until completion of the Grants:

- Conclude the safeguards indicators system.
- Complete consultations regarding safeguards instruments and benefits distribution plan.
- Continue capacity strengthening on issues such as spatial planning and intervention aimed at reducing emissions nationwide.
- Present the National Deforestation and Forest Degradation Reduction Strategy.
- Present the Forest Reporting, Verification and Monitoring System.
- Conclude the monitoring of non-carbon joint benefits, specifically the monitoring of biodiversity (bird taxa).
- Submit to the UNFCCC, the Forest Monitoring, Reporting and Verification (MRV) system and the Safeguards Indicators System Report.
- Consolidate interinstitutional arrangements by means of implementation arrangements.
- Develop and put into practice a system by which to register REDD+ programmes and projects.
- Take actions before the signing of ERPA, such as the pre-negotiation workshop on its general and commercial conditions.
- Have the ERPA signed between the Government of Nicaragua and the World Bank.

**End Date of Last Site Visit:**

### Restructuring of Grant:

No restructuring to report

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## OUTCOME

### Comments on outcome achieved from 07/01/2018 to 06/30/2019

#### Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

## COMPONENTS

There are no components defined for this trust fund / grant.

### Comment on planned and actual Output

#### Comment on component implementation progress

Component 1: Readiness Organization and Consultation. The Project Implementing Unit is working well and meets project's results indicators.

Subcomponent 1a: National REDD+ Management Arrangements. The project continues using the three-level platform for decision making and relevant government institutions are represented at the three level: groups 1, 2 and 3 of the platform.

The national organizations participating in the REDD+ platforms are the following: MARENA, the Secretary of the Presidency for Public Planning, the Secretary of the Presidency for the Development of the Caribbean Coast, the Ministry of Family Economy, the National Forest Institute, and the National Institute for Territorial Studies. The Regional level the institutions participating in REDD+ are the Caribbean Coast Northern and Southern Governments. Finally, at the local level the institutions participating are representatives of the Indigenous Territorial Governments.

SubComponent 1b. Consultation, Participation and Outreach. MARENA continued conducting consultations in the Caribbean Coast, for the Emission Reduction Program, and the Northern, Pacific, Central region for the second version of the ENDE-REDD+. MARENA carried out a total of 18 events., following the SESA process. To complement these activities, MARENA developed a Communications Plan to ensure there is constant exchange of information with the public, through different means.

Component 2: REDD+ Strategy Preparation

SubComponent 2a. Assessment of Land Use, Land Use Change, Drivers, Forest Law, Policy and Governance. MARENA expanded the dialogue on drivers of forest degradation and the lack of incentives to promote forest and land restoration in the Pacific-Central-Northern region. The new version of the strategy will integrate the results of these dialogues.

SubComponent 2b. REDD+ Strategy Options. The first version of the Strategy focuses on options to address deforestation in the Caribbean Coast Regions, the BOSAWAS biosphere Reserve, and the Indio Maiz Biological Reserve. MARENA is currently developing further analysis to integrate Strategy Options relevant to the Pacific-Central and Northern Region.

SubComponent 2c. Implementation Framework. MARENA made progress in strengthening the institutional arrangement with INAFOR, by revising an existing mechanism to offer forest incentives. AS a result, MARENA developed a concept note and work plan to inform the benefit sharing mechanism. MARENA also consolidated the Monitoring, Reporting, and Verification (MRV) institutional arrangements, which includes the National Institute for Territorial Studies, the National Forest Institute, MARENA; and technicians from the Northern and Southern Regional Autonomous Caribbean Coast Governments.

SubComponent 2e. Social and Environmental Impacts. MARENA completed an Environmental and Social Management Framework (ESMF), based on consultation with Indigenous and Afro-descendant peoples.

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Component 3: Reference Emissions Levels: MARENA updated the methodology for the Forest Emissions Levels determination and developed a first draft of the FREL. A visual evaluation of the high and low satellite imagery took place, aiming at calculating data at the REDD+ activity level. MARENA distributed a systematic grid in the ERP accounting area to conduct a sampling of points where deforestation trend will be analyzed. MARENA also estimated national-level emission factors using forest cover data obtained from the National Forest Inventory. Subregional FRELs were estimated for the RACCs and RACCN using the adjusted methodology.

Component 4: Project administration, monitoring and reporting. MARENA continues implementing the grant as planned.

## EXECUTION

### Bank project related to the grant

Project ID / Name: P120657 - NI FCPF REDD Readiness  
Project Status: Lending  
Global Focal Area: Climate change  
Product Line: RE - Recipient Executed Activities

### Implementing agency and contact details

Agency: Ministry of Environment and Natural Resources (MARENA)  
Contact: Ms. Juanita Argenal  
Address: Frente a la Zona Franca Las Mercedes, Managua, Nicaragua  
Phone: +505 22631273 Email: jargenal@marena.gob.ni  
Website: www.marena.gob.ni

## PROGRAM

### Program Specific Questions

**1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those f**

There are no other REDD+ initiatives in Nicaragua; however, MARENA is doing efforts to coordinate activities with the Ministry of Family Economy, the Caribbean Coast Development Secretariat, and the Regional Governments of the Northern and Southern Caribbean Coast Regional Governments.

**2. Describe any important changes in the technical design or approach related to the Grant activities.**

No changes to report.

**3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.**

Overall, MARENA is using the resources from the grant to address the capacity needs of the government institutions, the Caribbean Coast Development Secretariat; the Southern and Northern Caribbean Coast Regional Governments; and the Indigenous Territorial Governments.

**4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?**

MARENA continues applying the safeguards policies in elaborating the Readiness Strategy and the Emission Reductions Program.

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## 5. Is the ESMF prepared in accordance with the Common Approach?

Since this grant is supported by the World Bank, there is no need to ensure adequate applicability of the Common Approach.

## 6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

MARENA continues carrying out the consultations in the Caribbean Coast and the Pacific-Center-Northern regions of the country to complete the REDD+ Strategy.

## DISBURSEMENTS

### Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
07/01/2011	12/31/2011	0.00	0.00	40,000.00	40,000.00
01/01/2012	06/30/2012	0.00	0.00	122,846.99	82,846.99
07/01/2012	12/31/2012	0.00	0.00	168,839.82	45,992.83
01/01/2013	06/30/2013	0.00	0.00	200,000.00	31,160.18
07/01/2013	12/31/2013	0.00	0.00	199,185.14	814.86-
01/01/2014	06/30/2014	0.00	0.00	577,525.63	378,340.49
07/01/2014	12/31/2014	0.00	0.00	831,320.48	253,794.85
01/01/2015	06/30/2015	0.00	0.00	1,008,812.42	177,491.94
07/01/2015	12/31/2015	0.00	0.00	1,423,763.78	414,951.36
01/01/2016	06/30/2016	0.00	0.00	2,025,230.80	601,467.02
07/01/2016	12/31/2016	0.00	0.00	2,387,612.31	362,381.51
01/01/2017	06/30/2017	0.00	0.00	3,125,480.03	737,867.72
07/01/2017	12/31/2017	0.00	0.00	3,800,000.00	674,519.97
01/01/2018	06/30/2018	0.00	0.00	4,399,999.98	599,999.98
07/01/2018	12/31/2018	0.00	0.00	5,864,461.39	1,464,461.41
01/01/2019	06/30/2019	0.00	0.00	6,458,635.26	594,173.87
07/01/2019	12/31/2019	0.00	0.00	8,325,781.08	1,867,145.82
01/01/2020	06/30/2020	0.00	0.00	8,688,774.83	362,993.75
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00