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Review of Nicaragua's R-PP submitted to the 9th FCPF Participants Committee Meeting

Provisions on Enforcement and Non-carbon Monitoring June 2011

This assessment examines the Readiness-Preparation Proposal (R-PP) submitted by Nicaragua due to be considered at the FCPF's 9th Participants Committee meeting in Oslo, Norway (20-22 June 2011).¹

This assessment focuses on how the documents address illegality, corruption and law enforcement issues and what type of system is proposed to monitor and assess governance and social and environmental impacts (non-carbon monitoring).

Our evaluation is largely based on the standards established by the FCPF for assessing R-PPs.²

Summary of findings

- Overall, the R-PP is mostly descriptive, with little real analysis or strategic thinking. While the R-PP identifies some of the challenges facing Nicaragua it does not provide any clear strategy or proposal for how it will address them effectively. The document does not outline in any clear way how Nicaragua is to “get ready for REDD”.
- There is no mention of corruption in the draft R-PP, despite broad recognition among stakeholders in the country that this has historically been a serious problem in the forest sector. Failure to address corruption will result in Nicaragua being unable to effectively reduce deforestation and forest degradation.
- Overall, the need to monitor social, environmental and governance safeguards is not addressed in a satisfactory manner.
- The R-PP claims that it is not possible, *at this time*, to propose a national monitoring system, and no detailed action plan is proposed about how to monitor

¹ R-PP document available on the FCPF website at: <http://www.forestcarbonpartnership.org/fcp/node/257>

² FCPF Program Document FMT 2009-1-Rev.4, “Review and Assessment of Readiness Preparation Proposals, Draft – March 9, 2010”

these safeguards. There is however recognition that this R-PP is only a draft, and will be subject to an internal review process.

- In 2006 Nicaragua began an Independent Forest Monitoring initiative. Global Witness was appointed the independent monitor but has since 2008 been gradually handing over this role to a national Nicaraguan team, working through a local NGO (COPRODI) and a regional one (ACICAFOC). This experience should be used as the building blocks for an independent monitoring system, to complement the government's limited capacity to monitor the forest.

Nicaragua, draft R-PP 30 May 2011

1. Does the R-PP adequately address weak law enforcement, illegality and corruption as drivers of deforestation and forest degradation?

The R-PP divides *drivers of deforestation* and forest degradation into:

- *Direct drivers*: (i) the expansion of the agriculture and livestock frontier; (ii) illegal logging and unplanned forest management (of both timber and firewood); (iii) forest fires; and (iv) environmental emergencies related to natural events (hurricanes, landslides, floods, droughts, forest plagues).
- *Indirect drivers*: (i) uncertainty about land tenure; (ii) migration away from the countryside; (iii) industrial expansion to rural areas; (iv) promotion of renewable energies (biofuels, such as African palm or sugar cane, among others); and (v) promotion of mining activities.
- *Underlying drivers*: (i) inadequate policies; (ii) lack of sufficient land and lack of clarity about allocation of rights; (iii) inadequate market economy; (iv) demographic factors; (v) other socioeconomic and cultural factors; and (vi) natural causes.

Weakness in institutional capacity and lack of proper coordination between institutions are mentioned as additional factors limiting Nicaragua's ability to address deforestation and forest degradation. This is blamed on the strong budgetary restrictions the forest administration faces. However, there does not seem to be a specific strategy to strengthen existing capacity other than referring to the need to have a more adequate budget to enable effective enforcement.

The R-PP reproduces the list of specific actions for the forest sector outlined in the National Plan for Human Development 2008-2012 (pp.14-15), which the National Forest Programme is based on. These comprise, among others, activities related to:

- *Forest governance*, including the contribution to transparency and direct participation of the stakeholders in the forest sector, within the framework of existing laws and policies, and with the aim of increasing the credibility and rule of law in the sector.
- *Decentralisation processes*, including improving the process to transfer competencies related to forest management to regional and municipal authorities.

- *Regulation and control*, including strengthening and modernising the National System of Forest Regulation, Control and Verification.
- *Land use planning*, including the establishment of regulations defining the use and occupation rights of areas assigned for forest production.

Illegal logging is mentioned as one of the direct drivers of deforestation and forest degradation (p.76). There is recognition that data related to illegal logging is imprecise and should be improved as part of the implementation of the REDD strategy. Some data related to illegal logging is presented, but it dates back to studies undertaken in 2000 and 2003.

There is no mention of **corruption** in the R-PP, despite broad recognition among stakeholders in the country that this has historically been a serious problem in the forest sector. Failure to appropriately identify the role corruption plays in the forest sector will result in the country being unable to effectively reduce deforestation and forest degradation.

Overall, the R-PP is mostly descriptive, with little real analysis or strategic thinking coming across. The document does not outline in a clear way how Nicaragua is to “get ready for REDD”. In particular, there is a lack of planning, including identifying in which specific actions are to be taken, how they will be developed and what the timeframe for delivery of such actions will be. Furthermore, some aspects are mentioned repeatedly – though with slight variations each time – in different sections of the document, which renders itself to potential confusion.

Recommendation:

Before any funding is made available to the Nicaraguan government through the FCPF Readiness Fund, the R-PP needs to present a much clearer, justified and defined strategy that the Nicaraguan government intends to follow. In other words, it needs to be a strategic document that not only presents a picture of the challenges facing Nicaragua, but a proposal about how to address them effectively.

2. Does the R-PP adequately address the need to monitor social, environmental and governance safeguards?

Component 4 of the R-PP proposal (*Design of a Monitoring System*) states it is not possible, *at this time*, to propose a national monitoring system. This is due to the need to first agree on the key aspects of the system, which have not been discussed yet, the need to build the monitoring system from the bottom up, and the lack of agreement at the international UNFCCC level about monitoring systems for REDD+. Nicaragua hopes to start this process in the coming months (see Component 4, pp.155-156 – though note this is numbered inconsistently as pp. 25-26).

Nevertheless, the R-PP presents a monitoring plan that will include five categories, the first of which is about governance and institutions (p.157, though note this is numbered

inconsistently as p. 27). This monitoring plan is not, however, expanded on in any further detail, and consequently it is not possible to get an understanding about *how* governance will be monitored and assessed.

The R-PP proposal clearly states that the MRV system to be developed will focus not only on measuring carbon stock changes and CO₂ emissions, but will also look at social, economic and environmental changes and benefits that REDD+ actions will have in local communities in the short, medium and long term (p.156, though note this is numbered inconsistently as p. 26).

The R-PP states that at this point in time there is no thorough plan to establish a monitoring system for multiple benefits of REDD, and that this will have to be developed in the future in parallel to the national consultation process. It proposes a preliminary plan about activities needed, and the phases that will be followed (p. 167, though note this is numbered inconsistently as p. 37). Three activities are suggested: (i) harmonising criteria to gather data and assess biodiversity and ecosystems services; (ii) developing a plan to monitor social and environmental impacts; and (iii) developing a plan to monitor governance at the implementation phase. The R-PP does not recognise the need to continuously monitor governance throughout all phases of REDD.

The R-PP states that there will be a feedback and validation phase, which will be followed by the monitoring phase itself. There is acknowledgement that existing capacities to monitor environmental and socioeconomic benefits is limited, and there is a need to improve this. It goes on to suggest that part of REDD funding will be used to strengthen these weaknesses and limitations.

This version of the R-PP mentions the development of a system of independent verification and certification that are in accordance with the credibility requirements agreed at a national and international level (p. 162, though note this is numbered inconsistently as p. 32). No further elaboration is provided at this stage about what verification and certification activities will comprise, and who will be carrying them out.

The proposal does not discuss the establishment of an independent monitoring system. This is, however, recognised by the FCPF and other REDD+ parties as an essential component to ensure the credibility, integrity, transparency and efficiency of REDD+. Furthermore, Nicaragua is one of very few countries in the world with years of experience in Independent Forest Monitoring, and it can draw on this unique experience which could inspire other countries. Global Witness was appointed the independent monitor in Nicaragua in 2006, as part of its Independent Forest Monitoring (IFM) initiative set up in that year. IFM was hosted by the Nicaraguan Forest Authority (INAFOR), through an official Agreement. At the time, INAFOR repeatedly welcomed the work of the independent monitor, and stated that it proved instrumental in supporting forest law enforcement. Field missions jointly carried out by the government and the independent monitor reported serious illegalities in forest management that led to action being taken against those breaching the law and provided on-the-job training for forest officials.

Since 2008 IFM has been gradually handed over to a national Nicaraguan team, who have been working through a local NGO (the Professional Cooperative for Integral

Development, COPRODI) and a regional one (the Agro-forestry Coordinating Association of Indigenous Peoples and Farmers, ACICAFOC).

Work has continued and evolved to address growing challenges facing Nicaraguan forests, now mainly framed within a REDD scenario. The team has focused on building capacity amongst local communities to increase their understanding of REDD and be able to undertake monitoring activities themselves. This could, and should, complement the government's limited capacity in its efforts to monitor the forest state, which the government of Nicaragua has acknowledged to be a challenge. It seems illogical to not use this experience as an essential building block of an independent monitoring system. It would also help build a framework for stakeholder consultation and participation, which helps, among other things, build trust, strengthen networks between governmental and non-governmental stakeholders, and increases the willingness to cooperate, listen and learn from each other's experiences.

Overall, the need to monitor social, environmental and governance safeguards is not addressed in a satisfactory manner. There is some reference to these issues but no detailed action plan about how to address them. There is, however, recognition that this R-PP is only a draft and some issues are still pending and need further consideration. Among these are the implementation of a monitoring system and the level of transparency in consultation and decision-making processes at a local level. This draft document is to be subject to an internal review process, and will be further developed to have adequate dissemination and consultation processes. Consequently, the R-PP suggests that during the coming months the focus will be on making progress to have a dissemination and consultation plan functioning. It is proposed that FCPF funds be used to accomplish this (p.8).

Recommendation

Before any funding is made available to the Nicaraguan government through the FCPF Readiness Fund, it should first present a clearer plan about what the dissemination and consultation process will consist of, how they intend to implement it and how they will ensure that broad participation is granted and concerns and comments from stakeholders addressed.

3. Other issues

- **R-PP drafts:** Nicaragua has now issued several drafts of the R-PP. We welcome some of the improvements made as a result of their ongoing review process. We would however warn against the inclusion of further descriptive information, and would encourage the government to focus on the strategic priorities the R-PP needs to address, and, crucially, *how* it will do so.
- **Concerns from Nicaraguan civil society:** Nicaraguan civil society organisations grouped under the Nicaraguan Alliance Against Climate Change (ANACC) have raised a number of concerns, some of which are summarised below:

- The diagnostic the R-PP presents does not deal with the structural causes of deforestation and forest degradation, and does not identify the actors involved, nor does it propose specific actions to prevent the destruction of forests.
 - Negotiating a REDD strategy in the lack of an overall agreement at the UNFCCC level renders countries from the south more vulnerable, and weakens their capacity to demand countries from the north to increase their efforts to decrease their own emissions.
 - There has been insufficient consultation regarding the production of the R-PP process. Although there is a list of organisations suggested as participants in the consultation process, to date these organisations have not been contacted.
 - The R-PP does not propose an independent monitoring system to ensure the credibility, integrity, transparency and efficacy of REDD. The existing experience Nicaragua has with Independent Forest Monitoring should be used as a basis to learn from in developing an independent monitoring mechanism for REDD.
- **Participation:** under Component 1a (*National Readiness Management Arrangements*), three levels of participation are proposed:

- Decision-making level, where relevant government institutions are represented. It is proposed that this be opened up to forest owners, indigenous communities and civil society in the future, although so far the latter are not represented in this group.
- Technical and review level, where technical people from several government institutions, donor agencies, the Police and the Army are represented.
- Proposal coordination, design and production level, through which the government is to inform and receive feedback from key stakeholders.

This third level is instrumental to achieve effective participation and transparency. This level has not, however, been implemented yet, which leaves very little room for indigenous peoples groups, local communities and civil society to effectively participate in the process. We note, however, that this latest version of the R-PP has incorporated ANACC to the Technical and review level, which is a welcome development.

- **Forest definition:** The R-PP states that, in the absence of a clear definition of “forest” under the REDD+ mechanism, it will be using the FAO definition (pp. 149-150, though note this is numbered inconsistently as pp. 19-20). It also provides some additional parameters that define a forest, which are a concern, including:

- Roads that cut across forests and other open areas.
- Plantations used mainly for timber-producing purposes.

Global Witness believes natural forests are complex ecosystems which cannot and should not be equated with forest plantations. Merging the two serves to create possible perverse consequences that can incentivise the destruction of natural forests to establish plantations, often regarded as much more profitable from a purely economic point of view, but undermine the environmental integrity of REDD.

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