

Nicaragua Emission Reduction Program Idea Note

Executive Summary

September, 2015

This Emission Reductions Program Idea Note (ER-PIN) is submitted by Nicaragua's Ministry of Environment and Natural Resources (MARENA), REDD+ focal. Nicaragua is the fourth country in the world most affected by extreme climate events between 1994 and 2013, with 49 climate events that generated economic losses of US\$301 million and 2.98 deaths for each 100,000 inhabitants (German Watch, 2014). The government of Nicaragua has the political will to continue to transform the current agro-ecological model in order to promote a more humane, sustainable model of responsible consumption and have less dependence on agrochemicals, greater productivity and a profound respect for nature which include efforts for restoration forestland through positive incentives for communities with effective and transparent mechanisms for distribution of benefits.

Nicaragua developed its National Strategy to Reduce Deforestation and Forest Degradation, called ENDE as their Readiness Preparation Proposal (2012). Since then Nicaragua has made significant progress towards Readiness in the process of ENDE-REDD+ organization. During the past five years, the platform for preparation of basic conditions for dialogue, consultation and implementation of ENDE-REDD+ has gradually been organized and established, with effective participation of indigenous and Afro-descendant peoples. Moreover, SESA work plan has been updated, and two SESA task forces have been conformed for the analysis of the strategic options planned in the ENDE to support studies and concrete actions that deal with the main causes of deforestation and forest degradation (REDD+ Strategy). Also, the main advances in development of Reference Level of Forest Emission of Carbon has been oriented to the definition of Activities Data (AD), Emission Factors (EFs), as well as by building local technical capacities for developing greenhouse gas inventories, geographic information systems and techniques for doing forest resources inventories. In addition, the most significant advances in the National Forest Monitoring System are on strengthening the capacities and the conceptual design of the National Forest Monitoring System. This Emission Reduction Program (ER-P) is aligned with the country's strategies, mainly with ENDE REDD+, the National Human Development Plan (PNDH); National Forestry Plan (PNF), Climate Change Adaptation and Mitigation Policy (PAMCC); National Environmental and Climate Change Strategy (ENACC), among other policy instruments.

The ER-P has been design for a subnational scheme, directed to prioritized areas that correspond geographically and administratively to the North Caribbean Coast Autonomous Region (RACCN), and the South Caribbean Coast Autonomous Region (RACCS). The area proposed for the Emissions Reduction Program is 7,023,717 ha, of which 2,969,704 is covered by forest (90% of the country's forest cover), equal to 42.2% of the subnational total. The ER-P will last for 20 years; however, the duration of actions contained in this ER-PIN has a 10-year projection, and with an offer to the Carbon Fund for the first five years.

The principal drivers of deforestation and forest degradation in the area of influence proposed for the PRE are: (1.) advance of the agricultural frontier, (2.) logging or illegal extraction of forest products, (3.) forest fires and agricultural burning, (4.) environmental emergencies due to natural phenomena, (5.) social pressure on resources by poor families and (6.) invasion of colonists on indigenous lands. The Emissions Reduction Program (PRE) will be based on actions defined under National policies promoted by the government in their Environmental Strategy for Climate Change; livestock conversion and agroecological policies; protection and preservation of biodiversity and protected area policies, and the National Forestry Program.

The gross emissions of the ER Program area equal to 21.5 MtCO₂e/year; this value is the product of weighting the emissions in the Reference Period (2000–2010) in the selected subnational area. With implementation of the proposed actions, reductions/removals of 19,683 MtCO₂e during five years (3,936 MtCO₂e/year) are expected to be reached, which means a reduction of 18.2% of the total emission produced by deforestation per year. The emission reduction for avoided deforestation was estimated assuming a 50% reduction from the historic level of the deforestation rate between 2000-2010; which means that the deforestation rate will decrease from 3.27% to 1.6%. In the same way, it is expected that the deforestation reduction activities will have an effectiveness in its implementation of 70% of the ER Program, which implies reductions equivalent to 13.778 MtCO₂e in five years (2,785 MtCO₂e/year), signifying an effective reduction of 12.8% in total annual emissions.

The total cost of ER-P implementation for the 10 years is US\$346.3 million, of which US\$255 million corresponds to investment expenses (74%) and US\$88.4 million to administrative and institutional costs (26%). The sources of financing estimates that US\$78.1 million (23%) will come from the national budget, some US\$55.7 million (16%) from a possible transaction for emissions reduction with the Carbon Fund, plus another US\$55.7 million (16%) from multilateral, bilateral or voluntary carbon transactions not yet identified. These funds will be insufficient; therefore, to cover the cost of ER-P requires raising US\$142.2 million (41%) coming from private investment for social and environmental impact to complement the ENDE which can also consider investments coming from development projects and the financial sector.

Some of the Non carbon benefits are oriented on benefit produced by forest ecosystems which are considered a source of multiple uses and environmental services for rural communities, indigenous and of Afro-descent, that depend on those ecosystems by virtue of their local contributions based on the ecological functions, the hydrological regime, healthy microclimate, production of water, soil conservation, and erosion control, among others. From the socioeconomic point of view, there is a potential to generate additional benefits with equitable distribution, such as tourism, agroecotourism, the industry of ecological services, transport and renewable energy. The benefits will help reduce poverty, prepare the population to reduce vulnerability and adapt to climate change and promote gender equity.

Regarding Diversity and learning value, Nicaragua is designing the ER-P with a holistic vision that combines direct actions, such as attributable goals (reforestation, restoration) and goals that are not attributable, from the intrasectorial and intersectorial sectors (change in use of the soil, increase in agricultural productivity through modernization). This ER-P also uses an approach that directly addresses the direct and underlying causes of deforestation that involves strengthening compliance of the law and improves governance at the territorial level, both aspects barely tested in the region. Putting this type of “strict” measures in practice will provide important experience for its design and implementation in other places. Another element to highlight is development and functioning of consultation platforms for application of FIPC protocols in the region.