

REDD Readiness Progress Fact Sheet

COUNTRY: Nicaragua

June 2013

1. R-PP Preparation and FCPF Readiness grant

- At its 12th meeting, the PC acknowledged the extensive efforts made by Nicaragua and the high quality of the R-PP and decided to allocate funding to Nicaragua to enable it to move ahead with the preparation for readiness.
- This was a result of three iterations of increasing quality and consistency of the R-PP presented.
- Shortly after the successful assessment by the PC, Nicaragua received expression of specific support from the USA. The country has continued receiving technical and financial support from the REDD-CCAD-GIZ Program for Central America and MASRENACE-GIZ project for Nicaragua.
- The following are the key issues that Nicaragua needed to address before entering into a Readiness Preparation Grant Agreement with the Trustee of the Readiness Fund.
 1. Replace the proposed work plan to develop a reference level, as outlined in Component 3 of the R-PP, with the proposal of such plan as presented at the Ninth Meeting of the PC in Oslo, Norway, in June 2011 (PC 9); and
 2. Prepare the initial design of and a work plan for an integrated information system that addresses multiple socio-economic benefits as required under Component 4b of the R-PP.
- Nicaragua presented an updated R-PP in March 2013, and the FCPF FMT carried out the completeness check.
- The World Bank, as Delivery Partner, has started the due diligence with a mission in late April. Once the due diligence is completed, a grant agreement will be prepared and signed of up to US\$ 3.6 million, in accordance with Resolutions PC/3/2009/4 and PC/Electronic/2012/1.
- Following recommendations made during the due diligence mission, Nicaragua is updating the R-PP and preparing additional information on the SESA process with technical support provided by the Delivery Partner. The due diligence is expected to be completed in July 2013.

2. National REDD Readiness Management Arrangements

- The arrangements for the national management of the readiness phase are focused on the formulation of the national REDD strategy (aka ENDE-REDD+). This strategy will be incorporated in the strategies and processes of broader frameworks such as the National Human Development Plan, Environmental Adaptation and Mitigation Policies (PAMCC), and the National Environmental and Climate Change Strategy (ENACC).
- The National Plan of Human Development will be implemented through the Production Cabinet, headed by the President of the Republic and the government institutions associated with the farming and forestry sector: 1. Nicaraguan Institute of Territorial Studies (INETER), 2. Ministry of the Environment and Natural Resources (MARENA), 3. Farming and Forestry Ministry (MAGFOR), 4. Nicaraguan Institute of Fishing and Agriculture (INPESCA), 5. National Forestry Institute (INAFOR), 6. Produzcamos Bank, 7. Nicaraguan Institute for Farming Technology (INTA), 8. Rural Development Institute (IDR), 9. Nicaraguan Institute for Cooperative Development (INFOCOOP), 10. Nicaraguan Enterprise for Basic Foods (ENABAS), 11. Ministry of Finance, Industry and Commerce (MIFIC), 12. Ministry of Health (MINSA), 13. Ministry of Transportation and Infrastructure (MTI) and 14. Ministry of Energy and Mines (MEM).
- Three levels of work have been created in order to implement the ENDE-REDD+: Level 1 includes all relevant national ministries, representatives of the two Autonomous Regional Governments (RAAN and RAAS) in the Caribbean part of the country, municipalities and indigenous representatives; and army and national police. Level 2 brings together representatives of the sectorial institutions in charge of land use and forestry, representatives of the Indigenous Territorial Governments from the RAAN and RAAS, academia and of producers associations such as the cattle ranchers. Level 3 is a more open authority for readiness and consultation convened by the government to inform and consider feedback on the topic from different key stakeholders.
- An executive unit for implementation and monitoring of ENDE REDD+ will be housed at MARENA which will

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coordinate several technical working groups and draw on their inputs.

3. Stakeholder Consultations and Communication

- 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; (ix) producers (agriculture and livestock); (x) donors and external cooperation; and, (xi) military and national security agencies.
- The authorities of the autonomous regions of the Caribbean and of the Governments of the indigenous territories have been informed and have participated in the process to define this RPP through local workshops, ensuring their participation in the ENDE decision making levels (I, II y III). Likewise they have made strong statements about their perspective and their expectations.
- In early outreach and discussion meetings, approximately 250 representatives from a wide array of government, civil society, and indigenous peoples have been approached. There is a general agreement that more systematic work needs to be done once the grant agreement is signed. Consultations will adhere to the requirements of the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP) and ILO Convention 169. The government is committed to Free, Prior and Informed Consent (FPIC) in the case of indigenous peoples.
- Consultations will entail training and awareness-raising as groundwork for meaningful consultations; preparation and discussion of specific proposals within the ENDE REDD+ strategy and validation of proposals. A differentiated consultation process will be carried out in the two Caribbean Autonomous regions RAAN and RAAS and the indigenous peoples from the Pacific Center North and Alto Coco reflecting their specific institutional, social and economic contexts,

4. REDD Strategy Preparation

- Estimations indicate that the main historical causes of forest change to other land uses (deforestation) in Nicaragua is extensive cattle raising with 53.2% of the surfaces changed, followed by agriculture with 39.5%. The following are leading causes for the loss of forests and forest degradation (INAFOR 2004) as: i) the expansion of the agricultural frontier in the last five decades (migratory agriculture and extensive cattle farming); ii) felling and illegal extraction of forest products (wood and timber), iii) forest and agricultural fires, iv) Environmental emergencies due to natural phenomena (hurricanes, mud slides, flooding, drought, forest plagues), v) Social pressure over the need for resources by poor families and vi) settler invasions of indigenous territories
- Current governance challenges are: i) a coordinated legal framework between the Agricultural-Forest-Environmental sectors, ii) dialogue between the government-private community levels to resolve conflicts and facilitate cooperation, iii) monitoring and control mechanisms, iv) paradigm shift if the forest resource use: from exploitation to sustainable management, v) fiscal and monetary incentives for sustainable forest management, vi) strengthen local stakeholders capabilities, reduce the existing dependency gap, promote efficient and sustainable production activities around the forests.
- A strategic approach comprising 4 key elements (“guidelines”) will guide development of the ENDE REDD+ strategy: 1. Strengthen the institutional capabilities and the governing forestry structures (national, regional, municipal and indigenous territories); 2. Adjustment and alignment of the political and regulatory framework; 3. Restructuring of the agricultural, livestock and forest production systems with a focus on adapting to climate change; 4. Development of incentives that will lead to the protection, conservation and changes of soil usage; 5. Strengthen the commercial framework and value chains of the farming and forest products; 6. Improve the territorial

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governance and support the legislation processes of indigenous territories;

5. Implementation Framework

- In Phase I studies to identify, build and validate the mechanisms, structures and processes that will ensure the implementation of the ENDE-REDD+ activities, will be carried out;
- In Phase II these mechanisms, structures and processes will be reconciled with stakeholders to gain their support when implemented.
- In Phase III, the performance and implementation of the mechanisms that directly impact environmental services, including emission reductions will be financed, and monitoring, control and follow-up of carbon stocks, benefits and co-benefits of the forest will be carried out.
- A specialized unit for financial management of the funds allocated to forest development will be established to channel resources for ENDE REDD+ in a transparent, efficient and effective use of funds.

6. SESA

- MARENA organized a series of preparatory SESA workshops at the regional level in Bluefields (October 9, 2012) and Bilwi (October 17, 2012), and national level in Managua (October 25-26, 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. A follow-up sectoral SESA workshop will be carried out in early July 13, 2013 with the participation of the livestock and agricultural producers for their specific inputs and concerns regarding the process as they were not present in the National SESA Workshop. The National SESA Workshop proceedings were disseminated to stakeholders.
- Based on the inputs and feedback received, MARENA prepared a draft SESA Workplan 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 Workplan will be disseminated to the stakeholders and will serve as a live document subject to revision as the design of the ENDE-REDD+ evolves.

7. Development of a Reference Scenario

- Preliminary work on RL has identified priority areas for future REDD+ activities, based on multitemporal and multi-criteria analysis. A clear work plan indicates the different steps to prepare a sound and defensible Reference Level.

8. MRV

- The monitoring of forests in the ENDE-REDD+ is structured in three components, namely: i) biophysical, which involves the coverage analysis and the rates of change; ii) biodiversity, which includes benefits and co-benefits of

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the forest and iii) safeguards, including social, environmental and of the rights of indigenous and Afro-descendant peoples.

- Establish a carbon accounting system integrated into the national (and/or regional) GHG reporting systems in the context of national communications and their link to ENDE REDD+. This involves the following sub-activities: i) analysis of the current GHG reporting system with its gaps in relation to carbon accounting, ii) definition of the criteria and protocols necessary to include ENDE-REDD+ in the GHG reporting system iii) design of an integrated CO2 accounting system, based on the results of analysis of the current system and the criteria and protocols developed (including database options, software, etc.), iv) development and implementation of the system in relevant institutions (including training, databases, software).

9. Other

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