

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

Report to Donor

Ref. TF099264  
Printed On: 06/30/2021

Reporting Period: 07/01/2019 to 12/31/2020  
Report Type: Annual Report  
Status: Approved

Assignment: TF099264

FCPF Nicaragua Readiness Preparation Proposal - Formulation Grant

FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000457984 - Philippe Dardel

Approving Manager: 00000253690 - Valerie Hickey

## Summary Information

TF Status	LCLS
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	8,800,000.00 as of 12/31/2020
Disbursed 07/01/2019 to 12/31/2020	2,341,364.74
Donor	TF602001 - MULTIPLE DONORS

*This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program (FCPFR), Completion, Disbursements, Procurement Plan, Procurement Actuals.*

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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 07/01/2019 to 12/31/2020 with regard to Achieving Grant Objectives:

##### Comment:

This GRM reports on the overall progress up to December 31, 2020. 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+ Strategy implementation by preparing its key elements, systems, and/or policies needed, in a socially and environmentally sound manner.

The grants have indeed helped achieve the PDO as the preparation of Nicaragua's REDD Readiness Package (R-Package) was completed.

Nicaragua has established robust national REDD+ management arrangements, including a three-level decision-making platform (policy, technical, and general public), involving substantial inter-institutional and multi-stakeholders dialogue.

Following the development of the first ENDE-REDD+ strategy focusing on the Caribbean Coast, Nicaragua revised it to include new areas and incorporate the outcome of different analytical pieces (e.g. assessment of key forest degradation factors). Drawing from the strategy, it had, during the earlier reporting period, prepared the Emission Reductions Program (ERP) of the Caribbean Coast, the BOSAWAS Biosphere Reserve, and the Indio Maíz Biological Reserve: the ERP was selected by the FCPF Carbon Fund In July 2019 (Resolution CFM/20/2019/4). It has also further updated the National Forestry Programme, linked to ENDE-REDD+.

The Implementation Framework has been further specified, in particular with regards to the updating of the Benefit Sharing Plan (BSP), including the definition of Benefit Sharing mechanisms and financial modalities, piloting the Feedback Grievance and Redress Mechanism (FGRM), and developing the registry of REDD+ activities.

On monitoring issues, the methodology and the capacity to determine *Forest Reference Emissions Level* (FREL) were further enhanced (following the completion of the first FREL), while information/monitoring systems on changes in forest area and carbon content, as well as non-carbon benefits as well as safeguards implementation were developed.

#### Overall progress from 07/01/2019 to 12/31/2020 with regard to Implementation of Grant Financed Activities:

##### Comment:

Overall, implementation progress over the reporting period, under the coordination of the Ministry of Environment and Natural Resources (MARENA), was satisfactory, although it was affected by operational challenges and delays generated by the COVID-19 outbreak in 2020. In November 2020, implementation was further affected by the hurricanes Iota and Eta although, at that time, most activities had already been completed. By the end of the reporting period, all planned activities had been completed (see details for each Component further below).

The grant was fully disbursed by the closing date.

During the reporting period, key implementation areas dealt with: updating and implementing a communications plan focused on the inclusion in the REDD+ process of non-governmental stakeholders; piloting the FGRM; updating the BSP; and developing the registry of REDD+ activities.

See section below on *Comment on component implementation progress* for details.

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## Grant follow-up and structure

### Description and context of Grant:

There have been three successive grants of US\$0.2 million, US\$3.6 million and US\$5 million (as Additional Financing) were signed on August 22, 2011, December 24, 2013, and April 11, 2018, respectively, resulting in a total grant of US\$8.8 million. The current Grant supports the implementation of Reduced Emissions from Deforestation and Forest Degradation (REDD+) Readiness activities as per the Readiness Preparation Proposal approved by the FCPF.

To achieve the development objective, the activities have been organized along the following components and related planned outputs:

Component 1. Organization, Consultation, and Grievance Redress.

Component 2: ENDE-REDD+ Strategy development.

Component 3: Forest Reference Emissions Level (FREL) development.

Component 4: National Forest Monitoring System (NFMS) design.

Grant implementation and related support during the reporting period were affected by the COVID-19 outbreak in 2020.

**Expected follow up (if any):** Expected Bank support after closure is limited to further capacity support on MRV in 2021.

#### Comment on follow up:

Planned activities have been successfully implemented. Forthcoming implementation of the strategy was expected to comprise two key parts: the investments to generate emissions reduction and the results-based payment mechanism against emission reductions. On the former, the Government of Nicaragua will implement the investment portion of the strategy through the Bioclima Project with support from the Green Climate Fund (GCF) and the Central American Bank for Economic Integration (CABEI). It was approved by GCF in November 2020. On the latter, an Emission Reductions Payment Agreement (ERPA) with the World Bank was eventually not signed. However, through the REDD Readiness work, Nicaragua prepared the infrastructure to enter into other agreements with willing buyers. Expected follow up with Bank support in 2021 includes further capacity support on MRV.

**End Date of Last Site Visit:** September 2019. In 2020, due to the COVID-19 outbreak, all in-country missions were cancelled. The Bank's team has continued close support and supervision using virtual channels.

#### Restructuring of Grant:

Following the Government's request dated April 27, 2020, in the COVID-19 outbreak context, the Closing Date of the grant was extended by six months to December 31, 2020.

## OUTCOME

### Comments on outcome achieved from 07/01/2019 to 12/31/2020

See above section on *Overall Assessments*.

### Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

## COMPONENTS

### Comment on planned and actual Output

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## 1. Organization, Consultation, and Grievance Redress

Status: Completed  
Planned Output: The ENDE-REDD+ Strategy and draft Feedback Redress Mechanism consulted  
Actual Output: See below

## 2. ENDE-REDD+ Strategy development

Status: Completed  
Planned Output: First version of the ENDE-REDD+ Strategy, draft Strategic Environmental and Social Assessment (SESA) Report, draft ESMF, draft Indigenous Peoples Plan, and draft Involuntary Resettlement Policy completed  
Actual Output: see below

## 3. Forest Reference Emissions Level (FREL) development

Status: Completed  
Planned Output: First version of the FREL finalized  
Actual Output: see below

## 4. National Forest Monitoring System (NFMS) design

Status: Completed  
Planned Output: Finalize a first version of the MRV system  
Actual Output: see below

## Comment on component implementation progress

Implementation and related support during the reporting period were affected by the COVID-19 outbreak in 2020. However, Nicaragua, through the Project Management Unit (PMU) at MARENA, has made satisfactory implementation progress on REDD+ readiness preparation by building on the country's effort to grant land rights to Indigenous and Afro-descendant Communities.

### (a) Component 1 - Readiness Consultation and Organization.

- (i) *Subcomponent 1a: National REDD+ Management Arrangements.* The PMU at MARENA has continued to implement the REDD+ funding and coordinate REDD+ activities. Hence MARENA has kept on coordinating the REDD+ National Management Platform, comprised of the main national government institutions involved in land-use change, including the Ministry of Family Economy, the National Forest Institute (INAFOR), the Secretary for the Development of the Caribbean Coast (SDCC), and the Secretary of the Presidency for Public Planning (SPPP). The National Management arrangement also includes the Northern and Southern Caribbean Coast Regional Autonomous Governments and 23 Indigenous and Afro-descendant Governments. Similarly, MARENA has coordinated the Monitoring, Reporting, and Verification (MRV) roundtable, which involves INAFOR and the Nicaraguan Institute for Territorial Studies (INETER). MARENA has also been responsible for managing inquiries, complaints, and potential grievances by stakeholders, and has organized information sharing and stakeholder consultation and participation.
- (ii) *Subcomponent 1b: Consultation, Participation, and Outreach.* MARENA has continued to regularly engage with key stakeholders and facilitated their participation in the REDD+ preparation process, including on activities related to the national REDD+ Strategy, the ERP, reference levels, the MRV system, the Benefit Sharing Plan (BSP) and the Environment and Social Management Framework - building on earlier consultation, participation, and outreach undertaken as part of the Strategic Environmental and Social Assessment (SESA). MARENA has engaged marginalized groups, including forest-dependent women, youth, Indigenous Peoples and Local Communities. MARENA has also developed a Communication Plan to ensure constant exchange of information with the public, using different means. Implementation of the Communication Plan has, along with the capacity building plan for 2020, formed the bulk of the remaining activities in the months before closure.

### (b) Component 2 - REDD+ Strategy Preparation.

- (i) *Subcomponent 2a: Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance.* To inform the new version of the strategy, MARENA has conducted in-depth assessments to identify key drivers of deforestation and forest degradation, as well as activities to promote conservation, sustainable forest

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management, and the enhancement of forest carbon stocks. The assessments also dealt with shortcomings in current land use, and in forest law, policy and governance contribute to the drivers of deforestation and forest degradation, as well as barriers to private investment.

- (ii) *Subcomponent 2b: REDD+ Strategy Options.* MARENA, together with the National Management Platform, had earlier developed the first version of the ENDE REDD+ Strategy focusing on the Caribbean Coast. This has formed the basis for the development of a set of policies that incorporate the ERP. The FCPF Carbon Fund accepted the ERP on July 2019. The second version of the REDD+ strategy has now been developed to include the Pacific-Central-Northern (PCN) part of the country. The Strategy addresses the drivers of deforestation and forest degradation identified in Subcomponent 2a, including drivers linked to the livestock sector, in the context of the national priorities for sustainable development, the National Climate Change Policy, and the Nationally Determined Contributions to the climate change mitigation goals of the Paris Agreement. In addition, the Grant has contributed to (1) strengthening INAFOR's National Forest Program (which also informs the REDD+ strategy and identifies ways to address the key drivers of deforestation and forest degradation), and (2) update the forest management instruments.
  - (iii) *Subcomponent 2c: Implementation Framework.* MARENA has deepened the definition of institutional and legal arrangements to implement the ERP, which will inform the implementation arrangements for the REDD+ Strategy. These arrangements define the role of government, landowners, and other participants in REDD+ transactions to share and deliver REDD+ benefits, respecting the rights of Indigenous Peoples and forest-dependent communities, and to manage carbon transactions through transparent process. MARENA has also promoted the adoption of legislation to adopt the Benefit Sharing Plan (BSP); defined carbon rights and sought the opinion of the General Attorney about the adopted definitions; defined Benefit Sharing mechanisms and financial modalities; finalized the advanced draft BSP, which was accepted by the FCPF Participants in the context of ERPA preparation; and developed an FGRM. MARENA must still define a National REDD+ Registry of REDD+ activities.
  - (iv) *Subcomponent 2d: Social and Environmental Impacts.* MARENA had earlier assessed the environmental and social impacts of the REDD+ Strategy and developed accordingly the stand alone Environmental and Social Management Framework (ESMF) for the REDD+ Strategy and the ERP, in compliance with the Bank's Environmental and Social Standard (ESS). MARENA has created an institutional structure to ensure effective management of social and environmental issues, further refined the approach to gender issues, and continued consultations to raise stakeholders' awareness on related issues.
  - (v) *Subcomponent 2e: Strengthening the Ministry of Public Finance on REDD+ Investments Management.* The Government of Nicaragua has started assessing and mobilizing investment financing to contribute to the implementation of the REDD+ Strategy and the ERP. This has entailed a mapping exercise of public and private sector investments, the identification of the related forest and climate change program portfolio, the elaboration of a fiduciary mechanism for the distribution of benefits under the ERPA, and the development of a concept proposal for the GCF.
- (c) *Component 3: Forest Reference Emissions Level (FREL) Development.* MARENA has further developed the methodology and protocol to determine the FREL both at the national level and for the ERP accounting area. This has entailed related capacity building of specialized institutions such as INAFOR and the regional governments' teams (for decentralized monitoring). The MRV roundtable has estimated changes in forest area and carbon content over time and the corresponding emissions, which are to be used to measure performance of REDD+ interventions against the FREL.
- (d) *Component 4: Monitoring Systems for Forests, and Safeguards.*
- (i) *Subcomponent 4a: National Forest Monitoring System.* The MRV roundtable has developed, in a participatory fashion, a system capable of generating information that allows comparison of changes in forest area and carbon content relatively to the FREL. However, the development of an operational forest monitoring system will require a long-term effort that entails a combination of remote sensing and field-based data collection from the national forest inventory.
  - (ii) *Subcomponent 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards.* MARENA has developed a system to monitor priority non-carbon benefits such as biodiversity conservation and creation of employment. The system will also allow to monitor, report, and share information regarding implementation of the safeguards plans.

The performance on Procurement, Financial Management, and Safeguards has been satisfactory.

## EXECUTION

### Bank project related to the grant

Project ID / Name: P120657 - NI FCPF REDD Readiness

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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. Esperanza Rodriguez, Director, General Planificación, Cooperación Externa y Proyectos
Address:	Frente a la Zona Franca Las Mercedes, Managua, Nicaragua
Phone:	+505 22631273
Email:	<a href="mailto:erodriguez.marena@gmail.com">erodriguez.marena@gmail.com</a>

## PROGRAM

### Program Specific Questions

#### 1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives

There are no other REDD+ initiatives in Nicaragua. However, MARENA has coordinated REDD+ 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. CABEI has supported the Government in preparing the Bioclima Project.

#### 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 has used 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. Hence, for 2020, it has prepared and implemented a capacity building plan for components 1, 2 and 4, up to closure.

#### 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 has continued to apply the safeguards policies in elaborating the Readiness Strategy and the ERP in accordance with the FCPF's Common Approach. The Social and Environmental Strategic Assessment (SESA) guided the formulation of the National Deforestation Strategy (ENDE-REDD+). The SESA was developed in accordance with the Common Approach of the FCPF, which ensures that different delivery partners of the FCPF apply the most stringent safeguards in areas where they differ. During the preparation of the Environmental and Social Standard Instruments, it was agreed that other partners, for instance the BIOCLIMA project, would apply the World Bank's Environmental and Social Standards (ESS)<sup>1</sup>. The package also includes a Guide to manage pests and contamination, a Guide for Forest Management, a Biodiversity Management Guide, and a Benefit Sharing Plan (BSP). During the implementation of the project, MARENA ensured that consultations with indigenous and Afrodescendant communities were done in a culturally appropriate way, using local languages and interpreters, ensuring the participation of women, involving representative bodies and councils of elders from indigenous and Afrodescendant communities from the 23 existing indigenous and Afrodescendant territories of the Caribbean Coast of Nicaragua and the Alto Wangki Bocay Basin, and provided time and channels for stakeholders to discuss and propose recommendations for the decisions making process.

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

Yes<sup>2</sup>..

<sup>1</sup> The ESS instruments are the Environmental and Social Commitment Plan (ESCP), the Environmental and Social Management Framework (ESMF), the Labor Management Procedure (LMP) with its Grievance Mechanism, the Process Framework (PF), the Indigenous Peoples and Afrodescendant Planning Framework, the Guide for managing cultural heritage, and the Stakeholder Engagement Plan (SEP).

<sup>2</sup> This refers to the Common Approach that was agreed for FCPF with the Participants Committee in 2011 - not that of the World Bank's Environmental and Social Framework - to ensure that other Delivery Partners follow safeguards that are equivalent to the Bank's safeguards.

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

MARENA has continued to carry out the consultations in the Caribbean Coast and the Pacific-Center-Northern regions of the country to complete the REDD+ Strategy. Following Bank's guidance, it has developed and implemented a Communication Plan meant to further deepen consultation and information processes, in particular with local stakeholders and communities. No grievances related to the technical assistance were registered. Concerns were taken up during public consultations and informed the elaboration of the Environmental and Social Standards Instruments of the ERPA project. Overall, more than 90 virtual and in-person consultation events for the preparation of the ER program took place, including events specifically aimed at getting stakeholder feedback on the drafts of the environmental and social risk management instruments (collectively, "E&S Instruments"). Overall, consultations involved over 13,800 participants of which 30% were women, including afro-descendants and indigenous peoples representatives, NGOs, and other stakeholders. See <http://www.marena.gob.ni/Enderedd/memorias-talleres-ende-redd/>.

## 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	8,800,000.00	111,225.17