

## REDD Readiness Progress Fact Sheet

COUNTRY: Nicaragua

October 2012

### 1. R-PP Preparation and FCPF Readiness grant

- At its 12<sup>th</sup> 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 following are the key issues that Nicaragua needs 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. Upon presentation of an updated R-PP, the FCPF FMT will carry out the completeness check.
- As soon as the World Bank as Delivery Partner has carried out the due diligence, 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.

### 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 (MINSAL), 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 Governments of RAAN, 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 coordinate several technical working groups and draw on their inputs.

### 3. Stakeholder Consultations and Communication

- Nine groups of stakeholders have been identified, that must participate in and contribute to the strategy formulation: i) Governmental actors at their different levels, ii) Forest and agro-forest communities, iii) Private

## REDD Readiness Progress Fact Sheet

**COUNTRY: Nicaragua**

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platform of forest owners, iv) Agricultural production sector, v) Informal and Illegal commerce and land sector, v) Academic Sector, vi) NGOs, represented by ANACC (60 organizations), vii) External Cooperation, viii) Media ix) Military and national security institutions.

- 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 groups 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 ITTO 169. The government is committed to Free, Prior and Informed Consent (FPIC) in the case of indigenous peoples.
- Consultations proper will follow the following stepwise approach: training and awareness raising as groundwork for meaningful consultations; preparation and discussion of specific proposals within the ENDE REDD+ strategy. And validation of proposals. Special attention will be paid to the consultation processes in the two Caribbean Autonomous regions RAN and RAAS for their special institutional, ethnic and economic conditions.

### 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 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

## REDD Readiness Progress Fact Sheet

**COUNTRY: Nicaragua**

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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. This entity will be able to bypass bureaucratic government financial process.

### 6. SESA

- Throughout the SESA process the principle of free, prior and informed consultation, without interference or pressure and external manipulations, will be applied.
- A special group will be in charge to follow up on SESA deployment during two phases, one before grant signature and a second phase accompanying R-PP implementation. Core issues to be addressed in both phases have been identified. World Bank is supporting this line of activities in the context of due diligence work.

### 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 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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