

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism
Readiness Preparation Proposal (R-PP) External Review Template**

(interim, June 15, 2012, from Program Document FMT 2009-1, Rev. 5)

Guidelines for Reviewers:

- 1) FCPF REDD Country Participant R-PPs will be reviewed and assessed by the FCPF Participants Committee, the FCPF's governing body, taking TAP comments into account. External (Technical Advisory Panel or other) and Bank reviewers may provide recommendations on how a draft R-PP could be enhanced, using this template on a pilot basis until a process is approved by the PC.
- 2) One set of criteria should be used for review: specific standards each of the current 6 components of an R-PP should be met.
- 3) Your comments will be merged with other reviewer comments (without individual attribution) into a synthesis document that will be made public, in general, so bear this in mind when commenting.
- 4) Please provide thoughtful, fair assessment of the draft R-PP, in the form of actionable recommendations for the potential enhancement of the R-PP by the submitting country. A REDD Country Participant would be allowed three submissions of an R-PP to the PC for consideration.

Objectives of a Readiness Preparation Proposal

(Condensed directly from Program Document FMT 2009-1, Rev. 3)

The **purpose of the R-PP** is to build and elaborate on the previous Readiness Plan Idea Note (R-PIN) or a country's relevant comparable work, to assist a country in laying out and organizing the steps needed to achieve 'Readiness' to undertake activities to reduce emissions from deforestation and forest degradation (REDD), in the specific country context. The R-PP provides a framework for a country to set a clear roadmap, budget, and schedule to achieve REDD Readiness. The FCPF does not expect that the activities identified in the R-PP and its Terms of Reference (ToR) would actually occur at the R-PP stage, although countries may decide to begin pilot activities for which they have capacity and stakeholder support. Instead, the R-PP consists of a summary of the current policy and governance context, what study and other preparatory activities would occur under each major R-PP component, how they would be undertaken in the R-PP execution phase, and then a ToR or work plan for each component. The activities would generally be performed in the next, R-PP execution phase, not as part of the R-PP formulation process.

Review of R-PP of: Nicaragua

Reviewers: México, Germany, Canada, Switzerland

Date of review: 20/06/2012

Standards to be Met by R-PP Components

(From Program Document FMT 2009-1, Rev. 5)

Component 1. Organize and Consult

Standard 1a: National Readiness Management Arrangements:

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD-plus, in terms of including relevant stakeholders and key government agencies in addition to the forestry department, commitment of other sectors in planning and

implementation of REDD-plus readiness. Capacity building activities are included in the work plan for each component where significant external technical expertise has been used in the R-PP development process.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- In Table 2 (p. 28) , level III refers to: "la Estrategia Nacional de Reducción de la Deforestación y Degradación forestal" instead of "Estrategia Nacional de Deforestación evitada".
- Minor editorial changes required: Reference to anticipated sources of funding (de FCPF 3.699,000 millones has not been changed (p. 8).

Comments on content

- In this draft the function of the institutional participation mechanisms in the design and implementation of the ENDE has been addressed.
- Figure 3 and Table 2 well summarize the institutional arrangements and mechanisms, now is clear how the various institutions will interact between the three levels (explained in a new figure 3. on page 27 and accompanying text on pp. 27-33).
- Very positively, decision-making is set-up in an inter-institutional set-up and intends to ensure high-level political support and cross-sectoral planning by directly linking it to the Gabinete de Producción.
- Is clear how level 3 is related with the other levels. Reference to 'Proceso de consulta y participacion' (pg 10), description of functions of the various levels and responsibilities (Table 2), cuadro 1, and accompanying text for Figure 3 (page 27-33) have addressed this comment.
- It might be necessary to include the Ministry of Energy and Mining as well, especially because of the relevance of future hydropower development for standing forests. It is still not clear where CONADETI is included.
- There is nothing about capacity building in this section, but there is information in other sections: building activities mentioned in table 8 in section 1b should be included; in component 2b some of the strategic options are focused on institutional capacity building.
- It does not become quite clear at what level CONAFOR will be located (which is said to have a leading role) , and what the difference is between the Working Group (GTRE), Technical Secretariat (STRE) and Executive Unit (Unidad Ejecutora).
- There seem to be duplications in the budget of this component and components 1c) which both seem to provide for operating costs of a new administrative unit (staff, equipment, transport).
- The second – more technical – level, which is meant to prepare high-level decision-making is very broad and inclusive (possibly even including individual GOFOs). It is hard to imagine how such a large and heterogenous group will be able to meet regularly and agree on a wide range of topics. It might be helpful to consult other REDD countries about their experience with inter-institutional working groups.
- It does not become clear how the proposed grievance mechanism will fit into the institutional arrangements.

Standard 1b: Information Sharing and Early Dialogue with Key Stakeholder Groups:

The R-PP presents evidence of the government having undertaken an exercise to identify key stakeholders for REDD-plus, and commenced a credible national-scale information sharing and awareness raising campaign for key relevant stakeholders. The campaign's major objective is to establish an early dialogue on the REDD-plus concept and R-PP development process that sets the stage for the later consultation process during the implementation of the R-PP work plan. This effort needs to reach out, to the extent feasible at this stage, to networks and representatives of forestdependent indigenous peoples and other forest dwellers and forest dependent communities, both at the national and sub-national level. The R-PP contains evidence that a reasonably broad range of key stakeholders has been identified, voices of vulnerable groups are beginning to be heard, and that a reasonable amount of time and effort has been invested to raise general awareness of the basic concepts and process of REDD-plus including the SESA.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on content

- The list of groups to be consulted is well done; it includes the specific role of each group and a description of their importance in the design and implementation phases of the ENDE.
- It is very positive that a detailed listing of all the stakeholder participation activities has been presented including those planned for the period from June to December of 2012 (p. 80 and Table 8).
- A lot of energy has been invested in early dialogue and awareness raising, including with Indigenous Peoples leaders, and early feedback seems to have been well integrated into the RPP formulation. The government has shown an admirable level of openness to include stakeholder concerns.
- A plan for the communication strategy has been added in this new draft (p. 48-49), this contributes to enrich the information in section 1c.
- In Table 5 (p. 36-39) some of the stakeholders (agroforestry communities, agricultural and informal sector), are not mentioned to be covered in the implementation phase while other groups are (government, NGO's, media, national security institutions). Why have this differentiation been done?
- From the statistics provided, additional outreach still needs to be done especially with the municipalities and private sector, and continued with stakeholders at the local level in the pilot regions.

Standard 1c: Consultation and Participation Process

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders, and inclusiveness of effective and informed consultation and participation by relevant stakeholders, will be assessed by whether proposals and/ or documentation on the following are included in the R-PP (i) the consultation and participation process for R-PP development thus far (ii) the extent of ownership within government and national stakeholder community; (iii) the Consultation and Participation Plan for the R-PP implementation phase (iv) concerns expressed and recommendations of relevant stakeholders, and a process for their consideration, and/or expressions of their support for the R-PP; (v) and mechanisms for addressing grievances regarding consultation and participation in the REDD-plus process, and for conflict resolution and redress of grievances.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- The information included in section 1a (p. 34) about mechanisms for addressing grievances should be mentioned in this component.
- There are a few confusing budget items and duplications with component 1a) (operational costs) and 1b) (capacity building), that don't seem to fit in the budget for the consultation itself.

- Define what Nicaragua means with the 'R-Package' phase in this section or at least mention its duration.

Comments on content

- Very well developed plan for consultation and participation, it is presented on p.58. Table 10 "Programa del Dialogo Temprano para la revisión de la versión formal (5ta) de RPP de Nicaragua"
- The RPP notes the importance of giving emphasis to the need to consult with Indigenous Peoples and recognizes their right to Free, Prior, and Informed Consent.
- Relate the information in section 1b of meetings, workshops, and consultations that have been done for ENDE (table 6 and 7).
- Although this component provides a very clear work plan, it does not become quite clear how intensive consultations with local stakeholders will be, since the budget for regional workshops is very small (90,000\$) and all other budget items seem to be focused at the national level, the Working Group operations and dissemination material.
- The budget gives the impression that there needs to be a separate process of fundraising for consultations at the local level in the subnational pilot regions (RAAN, RAAS), and that for the national strategy, the Working Group (GTRE) is "the" main consultation mechanism.

Component 2. Prepare the REDD-plus Strategy

Standard 2a: Assessment of Land Use, Forest Law, Policy, and Governance:

A completed assessment is presented that: identifies major land use trends; assesses direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD-plus; recognizes major land tenure and natural resource rights and relevant governance issues and shortcomings; documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation; identifies significant gaps, challenges, and opportunities to address REDD-plus; and sets the stage for development of a national REDD-plus strategy to directly address key land use change drivers.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on content

- In past drafts there was little data about pasture expansion despite its importance in deforestation. The analysis of livestock expansion (p.69-72) as a driver of deforestation has improved a lot and is very informative, as well as the information presented in Table 17 about drivers of deforestation and degradation.
- It might be good to include other drivers of deforestation and degradation in table 17 such as forest fires, mangrove loss, infrastructure policies, and impact of timber bans (p.73-78).
- Further explanation should be included about the desired up-scale of the multicriteria model although it comprises the main budget item (200,000\$, see potential duplication in budget of component 3).

Standard 2.b: REDD-plus strategy Options:

The R-PP should include: an alignment of the proposed REDD-plus strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies, and a summary of the emerging REDD-plus strategy to the extent known presently, and/or of proposed analytic work (and, optionally, ToR) for assessment of the various REDD-plus strategy options. This summary should state: how the

country proposes to address deforestation and degradation drivers in the design of its REDD-plus strategy; a plan of how to estimate cost and benefits of the emerging REDD-plus strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental aspects; socioeconomic, political and institutional feasibility of the emerging REDDplus strategy; consideration of environmental and social issues and risks; major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD-plus strategy; and a plan of how to assess the risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD-plus strategy over time.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- The strategic options listed in lineament 5 (p.103) are not numbered correctly, another subsection is needed.
- No total budget is provided for Component 2b (Table 28 on p.111)

Comments on content

- It is very adequate that in this section a work plan for every strategic line is presented; now it is included the period of time consider for its implementation (p. 95-106).
- This section has improved a lot and apparently presents a first draft strategy, although it does not become clear enough at which stage of consultation the current draft is.
- Filling in the column "Responsible" in the tables 21-27 would be helpful to sketch out the operational responsibilities for each strategy option, including law enforcement agencies, CONADETI, INTA etc.
- There is no plan of how to estimate cost and benefits of the emerging REDD-plus strategy, and Nicaragua should present information about conflicts between existing policies and programs from different sectors.
- Nicaragua presents a proposal of a mechanism of compensation: the "Bono Ambiental Forestal" (p. 101), as a strategic action to develop incentives of conservation, protection and land use change. It would be necessary to clarify whether the (very high) budget is meant for the further elaboration or for the implementation of the strategy (1 mio \$ for the bono forestal? 580.000 \$ for institutional strengthening).
- It would be helpful to further explain why 3 out of 6 strategic lines are considered priority, especially since one of it is considered to have very low feasibility (harmonization of regulatory framework), while practical interventions addressing the agricultural frontier (sustainable agricultural intensification, value chains, bono forestal) are not considered a priority, even though livestock expansion is the main driver. This seems to be a critical issue that we would like to be clearly and in a satisfactory manner addressed before the completeness check is done.
- A number of approaches mentioned in chapter 2a) are not reflected in this chapter, does this mean they are not meant to be part of the REDD+ strategy (e.g. environmental criteria for rural finance (e.g. Banco Produzcamos), brigada ecologica, proyecto corazón, Mesa Sectorial de Desarrollo Rural Incluyente, Polítical Nacional de la Ganadería Bovina, fomento de la producción agroecológica). How does the proposed strategy relate to Prorural Incluyente, now that it is no longer mentioned as operational part of the strategy?

- We suggest present information about how domestic leakage is addressed specifically.

Standard 2.c: REDD-plus implementation framework:

Describes activities (and optionally provides ToR in an annex) and a work plan to further elaborate institutional arrangements and issues relevant to REDD-plus in the country setting. Identifies key issues involved in REDD-plus implementation, and explores potential arrangements to address them; offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package. Key issues are likely to include: assessing land ownership and carbon rights for potential REDD-plus strategy activities and lands; addressing key governance concerns related to REDD-plus; and institutional arrangements needed to engage in and track REDD-plus activities and transactions.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- We suggest moving the material related to risks from the previous section (p.107) to this section.
- We suggest to move the analysis of land tenure situation; is better placed in component 2.a.

Comments on content

- This RPP now presents information about land ownership and carbon rights and benefits, and the way they will be monitored. Also presents the discussion about the creation of a new specific law to face these issues (p. 115).
- This new version offers a work plan for the implementation phase (p.119) greater detail about who is going to develop the activities, and which will be the way to report the results of each one should be provided.
- The implementation mechanism for ENDE-REDD+ is now generally described in this version (p. 116). As well, there are now sections on the processes for accessing funds and Carbon monitoring, benefits and co-benefits of forests. That said, it is difficult to map the implementation Framework as proposed against the direction provided by the guide/template.
- FONADEFO is proposed as the main financing mechanism for the REDD+ Strategy. It is also meant to implement significant grants from the European Union (reforestation) and the Interamerican Development Bank (sustainable livestock), while non-reimbursable funds are meant to be channeled via the agricultural bank Banco Produzcamos. However, there is no discussion of the absorptive capacity of FONADEFO and its experience in lending to livestock farmers. Additional information about the governance structure of FONADEFO would be desirable to come to a better assessment of this potentially important player.
- We suggest to explain how the monitoring system for carbon, benefits and cobenefits proposed in this section relates to the monitoring system presented in component 4 (including budget items referring to the set-up of a monitoring system and respective workshops in table 29 (p. 120))

Standard 2.d: Social and Environmental Impacts during Readiness Preparation and REDD-plus Implementation:

The proposal includes a program of work for due diligence in the form of an assessment of environmental and social risks and impacts as part of the SESA process. It also provides a description of safeguard issues that are relevant to the country's readiness preparation

efforts. For FCPF countries, a simple work plan is presented for conducting the SESA process, cross referencing other components of the R-PP as appropriate, and for preparing the ESMF.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on content

- We consider that it is an important step to include information about the impacts on gender considerations in the consultation and participation plan of the ENDE-REDD+ (p.132)
- Capacity building as a strategy to address the social and environmental priorities is included in Table 30 (p. 124).
- It is very positive that now a work plan for SESA implementation is included. Significant revisions have been made to Section 2.d including the addition of Figures 15 &16 outlining a phased approach and Table 32 which provides a basic workplan with timelines.
- This section has improved but has also become very ambitious. It should be considered carefully whether the SESA process can discuss all the impacts of other sector/national policies beyond the REDD+ Strategy (PNDH, Prorural, etc.)?

Component 3. Develop a National Forest Reference Emission Level and/or a Forest Reference Level

Present work plan for how the reference level for deforestation, forest degradation (if desired), conservation, sustainable management of forest, and enhancement of carbon stocks will be developed. Include early ideas on a process for determining which approach and methods to use (e.g., forest cover change and GHG emissions based on historical trends, and/or projections into the future of historical trend data; combination of inventory and/or remote sensing, and/or GIS or modeling), major data requirements, and current capacity and capacity requirements. Assess linkages to components 2a (assessment of deforestation drivers), 2b (REDD-plus strategy activities), and 4 (monitoring system design). (FCPF and UN-REDD recognize that key international policy decisions may affect this component, so a stepwise approach may be useful. This component states what early activities are proposed.)

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on content

- We consider adequate to present information about the importance of capacity building programs in the 3 levels, and especially those that will focus on strengthening technical capacities in the communities (p.151).
- Nicaragua has made significant progress in the visualization of land use changes by Geographic Information Systems.
- We highly recommend that the budget adequately reflects all the capacity building plans and outreach requirements.

Component 4. Design Systems for National Forest Monitoring and Information on Safeguards

Standard 4a: National Forest Monitoring System

The R-PP provides a proposal and workplan for the initial design, on a stepwise basis, of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation, and forest enhancement activities. The system design should

include early ideas on enhancing country capability (either within an integrated system, or in coordinated activities) to monitor emissions reductions and enhancement of forest carbon stocks, and to assess the impacts of the REDDplus strategy in the forest sector. The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. The R-PP should also address the potential for independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD-plus implementation. The proposal should present early ideas on how the system could evolve into a mature REDD-plus monitoring system with the full set of capabilities. (FCPF and UN-REDD recognize that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- The R-PP presents three sections (4, 4a, 4b) but the template considers only two (4a and 4b). We suggest providing the information adequately to each component. The presentation of three separate budgets creates confusion.

Comments on content

- Additional information is provided on roles & responsibilities of agencies that will be involved in developing and implementing the MRV system (p. 166, in Figura 25, and in Anexo 2d2 (page 193-195))
- This section has improved a lot, capacity building requirements (including for local stakeholders) are included in the budget, but due to the large financing gap it is not clear whether there will be enough funding for them.
- The inclusion of Table 37 (p.167) brings greater clarity about the elements to be monitored. In formal presentation to PC12, Nicaragua may wish to bring attention to what extent this plan will facilitate implementation.
- It would be important to give some information about how local stakeholders could contribute to the monitoring system.

Standard 4b: Designing an Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

The R-PP provides a proposal for the initial design and a workplan, including early ideas on capability (either within an integrated system, or in coordinated activities) for an integrated monitoring system that includes addressing other multiple benefits, impacts, and governance. Such benefits may include, rural livelihoods enhancement, conservation of biodiversity, and/or key governance factors directly pertinent to REDD-plus implementation in the country.

(The FCPF and UN-REDD recognize that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- It is recommended to insert hyperlinks, table of contents and page numbers in order to find specific information in the 500 pages-Annex.
- Most of the information presented in 4 should be moved to 4b.

Comments on content

- This section describes how Nicaragua will, first build on systems the country has already in place (Eg. Governance indicators), identify current gaps, and address them while designing their system for national forest monitoring and information on safeguard (Eg. For the safeguards component, the RPP notes that additional indicators will be developed through the SESA process)
- We suggest to also give consideration to monitor the benefits of forests for water and soil protection (although maybe more relevant in Pacific Region, which is not a pilot region).

Component 5. Schedule and Budget

The R-PP proposes a full suite of activities to achieve REDD-plus readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF and/or UN-REDD, as well as from other international sources (e.g., bilateral assistance), are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD-plus readiness activities identified in the R-PP. Any gaps in funding, or sources of funding, are clearly noted.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on form

- We suggest that the distribution (percentages p.171) of the budget among different components should be presented in a circle graph or a bargraph.
- There is an error in the budget table on p.172 for Component 2b as it is not consistent with the associated figures presented in Tabla 28 on p108-111. Also, on p.111 of Tabla 28, where the sixth subset of costs are presented, the subtotals for this last grouping of activities as well as the grand totals for each of the columns of the entire table are missing.

Comments on content

- Review budget of components 4a and 4, it is confusion because both have the same sub-activity but different budgets (\$144 for 4a and \$1720 for 4).
- The budget in each component does not reflect contributions of other development partners although these are mentioned to exist, e.g. UNDP, FAO, Germany (e.g. GIZ national + regional programs) possibly also Denmark, Taiwan, US. The overall budget in component 5 reflects a minor contribution by the German regional program for REDD+ in Central America but does not specify for which component/activity.
- Also, given the high gap between overall required funding and funding through FCPF, it is not clear which other funding sources will be used or which activities will be given in the case of under-financing. Other donors contributions should be planned for and integrated in the budget. The remaining gaps should be further elaborated on before the completeness check happens.
- In order to guarantee financial sustainability, it should be important to mention if a contribution of the national budget is expected, or mention if all the activities proposed will depend only on external funding.

Component 6. Design a Program Monitoring and Evaluation Framework

The R-PP adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Comments on content

- This section presents a matrix that includes results, indicators, and risks among all the component of the RPP (Table 42 p. 174-183).
- Although the matrix presented is very useful, it should be revised because components 1c and 4b are not delineated in the Monitoring and Evaluation plan (p.175 and 182), and component 2b is incomplete and don't seem to fit with what is presented in the revised text.