

Forest Carbon Partnership Facility (FCPF): Readiness Plan Idea Note (R-PIN) – External Review Form

Guidelines for Reviewers:

- 1) This review form is a record of your review, which may be disclosed for transparency. Please bear that in mind when filling it out.
- 2) Please summarize your comments-- address whatever you feel is important.
- 3) Please evaluate and mark (score) each of the 5 Summary Assessment review criteria from the FCPF Information Memorandum, the Participants Committee Selection Criteria, and the numbered R-PIN major topics, as requested in the right-hand column. Select a mark from the following scale: NA: Not Addressed. 1: Inadequately addresses criterion. 2: Barely addresses criterion. 3: Average, or adequately addresses criterion. 4: Good job of addressing criterion. 5: Excellent job of addressing criterion.

1) Country submitting the R-PIN: NICARAGUA (Revision of R-PIN, Consolidated Review) 2) Date of Review 10 October 2008	
I. Summary Assessment of the Quality and Completeness of the R-PIN:	Mark (score):
Criterion (i): Ownership of the proposal by both the government and relevant stakeholders: While consultation and preparation of the idea clearly involved various government agencies, no organization of the civil society and of the private sector are listed as contributors to the proposal.	
Criterion (ii): Consistency between national and sectoral strategies and proposed REDD Strategy: There are in Nicaragua many policies and programs already in place (e.g. PRORURAL) that may have beneficial synergies with a REDD strategy. Since, the REDD strategy is still not yet clearly defined in the R-PIN, is not possible to evaluate how consistent the strategy will be with these policies and programs. However, the R-PIN recognize the necessity of ensure consistency, and the overall forestry and rural development strategy of Nicaragua seems to be being developed with the aim of promote consistency. The R-PIN does include the consideration of national strategies and policies in related sectors in the preparation of a future REDD Strategy. In fact the R-PIN indicate that Nicaragua would need assistance in developing a sound REDD Strategy.	
Criterion (iii): Completeness of information and data provided: Information is quite complete, with several annexes presented. In some sections there is still the need for more precise and specific information.	
Criterion (iv): Clarity of responsibilities for the execution of REDD activities to be financed: There is clarity on the responsibilities of the various government agencies in issues related to forestry and rural development. Civil society organizations, indigenous groups and other groups of forest dependent peoples may play a important role in design and implementation of the REDD strategy, especially using the Forestry Governance platform. It is less clear how different agencies will coordinate in practice and what mechanisms may be effective for organizing monitoring and the distribution of payments to stakeholders.	

<p>Criterion (v): Feasibility of proposal and likelihood of success:</p> <p>The proposal is feasible provided sufficient external support is available. The tasks to be accomplished require even in their first stages a technical and managerial capacity that does not appear to be readily available in the country.</p>	
<p>SUMMARY SCORE: <i>add scores above and enter sum into box on right</i></p>	
<p>Improvements the country could make to R-PIN, and any TA needs for it:</p> <p>The new version of the R-PIN does not differ substantively from the previous version, with the exception of some sections where additional information was presented and the annexes. For comments regarding these new bits of information, please refer to specific sections of the review.</p> <p>Recalling comments on the original R-PIN: The economic analysis of possible courses of action needs to be explored (i.e., To what extent would REDD incentives result in reduced deforestation?). Similarly, the institutional capacity of the country to implement a REDD strategy requires a deeper study. There appears to be a need for a much more profound consultation with organizations of the civil society, indigenous peoples and private sector. Indigenous Peoples live mostly in forested areas but apparently there is insufficient data on their ownership of forest lands and progress achieved in land titling. The R-PIN should also focus on providing straight answers to the themes and issues raised. Technical assistance could certainly help in addressing all these needs but no such assistance seems to be in the plans of donors. The R-PIN could propose a more tangible REDD plan, instead of only lightly outlined “next steps”.</p>	
<p>II. Participants Committee Selection Criteria: Information</p> <p>Relevance of country in REDD context: Priority to countries with: (i) substantial forest area and forest carbon stocks; and (ii) relevance of forests in economy, including livelihoods of forest dwellers and Indigenous Peoples:</p> <p>Nicaragua does not have substantial forest resources in a global context, but they cover a substantial part of the national territory (40%). Their direct relevance to the national economy is modest. However, they are key resources for the livelihoods of numerous forest dwellers and indigenous peoples of Nicaragua.</p>	

Geographic and biome balance: across the world’s main forest biomes.

Nicaragua forms part of one of the most important tropical forest formations north of the Amazon Basin. As a whole, the Central American region has major trans-boundary forest formations and Nicaragua is part of a number of multi-country initiatives to manage forest resources, including the Meso-American Biological Corridor and the joint Nicaraguan and Honduras Corazon project which includes the Bosawas Biosphere Reserve, among others.

Variety of approaches: Proposed innovative approaches to tackling deforestation and degradation; methods; testing new mechanisms and distribution of REDD revenues; and/or regionally important leadership.

The R-PIN does not propose innovative approaches to tackling deforestation and degradation.

III. Detailed Review of R-PIN Responses to Template Questions:

Please review the R-PIN quality and completeness in terms of addressing the major questions in the FCPF R-PIN template.

1. Government focal point, and ownership and consultation in producing the R-PIN:

There is no single government focal point. Instead three names and institutions are identified in the Ministry of Environment and Natural Resources, Ministry of Agriculture, Ranching and Forestry and the National Forestry Institute respectively. A single government focal point could be preferable.

Ownership and consultation appears to have been adequate in respect of government institutions that may be involved in designing and applying a REDD Strategy in Nicaragua.

However, it's still not clear what kind of consultation and participation of non-government sectors, in particular indigenous peoples and forest dependent communities took place in producing the R-PIN.

It's worth to mention that in Nicaragua there is a well developed Forestry Governance platform. It could be assumed that the development of the R-PIN used the platform?

2. Identification of institutions responsible for: forest monitoring, law enforcement, conservation, and coordination across forest, agriculture and rural development:

Institutions responsible for the various functions above are clearly identified. Abundant information is provided on the legal references that assign these responsibilities to the various government agencies.

3. Current country situation:

Where do deforestation and forest degradation occur, main causes, estimates of greenhouse gas emissions, data available? Key issues in forest law enforcement and forest sector governance?

The first forest inventory ever is now under way and therefore there is little hard data on the extent of deforestation and degradation. There is information on where deforestation is mainly taking place but there are no reliable estimates of the magnitude of the process and how is changing over time. The only estimate available appears to be based on a comparison of forest cover in 1983 and 2000. The reports do not specify what rates of deforestation were calculated at that time although other parts of the R-PIN suggest that they may vary between 70,000-100, 000 hectares per year. There is no hard data on forest degradation.

Estimates of emissions from LULUCF sector in 2003 are available.

Main direct causes of deforestation are the expansion of the agricultural frontier, transforming land uses from forests to agriculture and cattle ranching. Main areas of deforestation are in the central and Caribbean regions of Nicaragua. Among causes of deforestation, some are associated with government policies. For example, Government titling of public forest lands distributed to organized farmers and to veterans of war had the unintended effect of inducing the sale of these lands to commercial operators while the new farmers and veterans moved to and invaded other areas of public forests. Illegal logging is an important occurrence and a main factor in deforestation. In other areas, the lack of legal titles on traditional and indigenous lands has reduced incentives to keep these lands under forests as uncertainty about the traditional rights continue to prevail. In still other areas, poverty is the main driver of deforestation as the rural poor take possession of public forest lands in search of means of survival. Economic strategies focused on the export market and extensive production of basic grains and cattle ranching have also resulted in pressures to deforest. Natural disasters associated with hurricanes are also an important cause of deforestation.

4. Data available on indigenous peoples and forest dwellers?

Nicaragua does not have a cadastral system that would allow the identification of the key interactions between forest dependent peoples and forest resources. Some communities are affected by individual projects that have produced some quantitative information but consolidated data at the national or regional level does not appear to be available. There is no information on the socio-economic conditions of these groups and how they interact with forest resources. Forest dwellers commonly reside in forest protected areas. It is likely that REDD activities may be particularly productive in state forest land areas surrounded by secure community lands.

5. Current strategy in place to address deforestation and forest degradation. What stakeholder process was used to arrive at it?

While Nicaragua does not yet have a forest strategy a new forest policy is being completed. This policy stresses participation of various sectors of society and decentralization as a means to foster community participation and inter

sector coordination. Policy also addresses the need to improve levels of forest governance. Various laws promote sustainable forest management and decentralization of forest governance. However it is not clear whether the government has the institutional capacity to monitor compliance and enforce these regulations.

6. What would be needed to reduce deforestation and forest degradation?

Apparently there are no programs aimed at reducing deforestation and forest degradation per se, but there is a National Forest Program that contains a number of initiatives that should help control these problems. In addition there are related plans in energy management, biodiversity conservation and in other sectors that impact on deforestation. What is not really clear is how wide the gulf may be between these various initiatives on paper and the country's actual capacity to implement them in a coordinated and effective fashion, given the weakness of public institutions.

Has country considered the potential relationship between REDD strategies and country's broader development agenda? Yes it has.

Has any technical assistance been received, or is planned on REDD?

No, there is no technical assistance at present targeted to developing a REDD initiative in the country.

7. What stakeholder consultation process would country use for developing and implementing REDD under FCPF support?

According to the R-PIN in Nicaragua there are already in place consultations mechanisms related to the forestry policy and rural development strategies that will be used for the REDD strategy – the Forestry Governance Platform.

Numerous government regulations prescribe consultations, and there are several platforms to do so, including CONAFOR (national level) COMUFOR (Local level), CODEFOR (development issues) CCF (Forest Dwellers and Indigenous Peoples). Law 475, Article 26 (Public Participation) has provided good guidance since 2004 in processes of decentralized forest governance, which have led to the new forest policy. Furthermore, the Forest Governance Platform has a broadly developed organization, with the highest level of participation occurring within the National Forest Commission and Governance Round tables while the Forest Development Councils operate at the departmental level and locally Municipal Forest Councils, Municipal Environment Commissions, Municipal Environmental Management Units and other agencies or coordinating mechanisms function as well as a great deal of organized citizen input. Finally, the formal and effective participation of Indigenous and Ethnic Communities in regards to the forest resources is very well developed in the autonomous regions of the Caribbean Coast, the area of most significant forest resources. All this suggests that a broad process of consultation in the design and implementation of REDD strategies would likely take place.

8. Implementing REDD strategies: challenges to introducing effective REDD strategies, and how might they be overcome? Would performance-based payments through REDD be a major incentive for implementing a more coherent strategy to tackle deforestation?

The treatment of these themes is still inadequate in the R-PIN. A number of challenges are listed, but some of the ones that have been previously identified as critical such as the need to regularize the tenure situation, or the control of illegal logging, or how REDD payments can be effectively administered to produce effective and fair incentives, are conspicuously absent.

The issue of performance payments as a successful incentive to induce REDD activities need further analysis. There is for example no evidence that these payments would be substantial enough to generate superior profits as compared with the presently profitable alternatives such as cattle ranching and agricultural crops for export and therefore powerful enough to tip the financial balance in favor of maintenance of the forest cover. A "poverty strategy" based on incentives linked to population may fail in the case of indigenous communities that have smaller populations but control large forest areas.

9. REDD strategy monitoring and implementation:

How forest cover and land use change are monitored today, and any constraints in this approach?

There are according to the R-PIN many monitoring activities related to land use and forestry in Nicaragua. These activities are being improved and new results are expected to December 2008. The R-PIN indicate some limitations and constraints of the current systems.

For REDD monitoring some methodological modifications will be necessary, but the R-PIN is not specific. More specific discussion would have been very helpful.

Comments on the original version of the R-PIN noted: The country has no forest inventory and the first such exercise is now been in the last stages of being completed. The System of Environmental Information monitors some land use changes with emphasis on those that take place by the use of fire. Monitoring forest use is limited to some localities as there is no system wide mechanism, technical capacity or funding to carry out more precise resource assessments.

10. Additional benefits of potential REDD strategy, and how to monitor them: biodiversity and rural livelihood?

It is apparent that a REDD strategy would produce various social and environmental associated benefits, but the R-PIN does not present a satisfactory statement on how these would materialize or how important they may be. REDD potential impacts on indigenous peoples and forest dependent peoples could and should be examined in the proposal. Linking REDD potential benefits and biodiversity as well as poverty alleviation should be explored in more detail.

11. What assistance is country likely to request from FCPF Readiness Mechanism?

Given the weakness of government institutions in general, it is reasonable that the country is likely to request assistance with all the stages of the REDD value chain from the establishment of a baseline to designing a REDD strategy to a monitoring system. This is what the R-PIN suggests but it does it in very general terms only. Of particular interest would be to know how the country perceives its structures for managing a REDD system once it is in operation, covering aspects as the institutional channels that will be used to fairly and efficiently distribute funds to REDD actors without an excessive administrative cost and leakage.

These section was one of the few where additional information was presented, but still is too vague. Various studies that would be necessary to develop a REDD strategy are listed. The R-PIN will be benefited if a more precise description of the necessary studies were provided.

12. Donors and international partners already cooperating with country on REDD.

There are no donors or international partners presently cooperating specific on REDD in Nicaragua. It's worth to mention that there are many activities and programs in place that could have synergies with the FCPF support.

13. Country's Potential Next Steps and Schedule:

A more complete list of activities were presented. More detail information on the list will help to understand what kind of support from FCPF will be required. In special it will be important to indicate in the list, witch activities already have any kind of support.

The time frame for developing the activities appears to be quite optimistic.

The review of the original R-PIN noted: The country sees the next steps as the creation of a pilot project, that takes into account present strengths, institutional capacity and available information, the search of a national consensus on the matter the preparation of communication campaign and securing financing for a design of a preparatory plan. These steps are quite logical.

14. Attachments and their usefulness:

Several annexes with important information were presented:

- LUUCF GHG Inventory
- Forestry Governance platform
- Forestry Inventory Methodology
- Carbon stock estimative
- Forestry Inventory
- Agricultural frontier
- Draft of the forestry situation.

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