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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT US\$3.80 MILLION

TO THE

FEDERAL REPUBLIC OF NIGERIA

FOR

REDD+ READINESS PREPARATION SUPPORT
FEBRUARY 4, 2015

ENVIRONMENT AND NATURAL RESOURCES (GENDR)
AFRICA

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DATA SHEET

Nigeria
REDD+ READINESS PREPARATION SUPPORT

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

Africa
Environment and Natural Resources Management Global Practice (GENDR)

Basic Information	
Date: February 4, 2015	Sectors: Forestry
Country Director: Marie Francoise Marie-Nelly	Themes: Climate Change
Practice Manager: Benoit Bosquet	EA Category B
Project ID: P153732	
Lending Instrument: Grant	
Team Leader(s): Amos Abu	
Date of country selection into FCPF: December 15, 2013	
Date of Participation Agreement signed by Country: October 5, 2014	
Date of Participation Agreement signed by Bank: October 3, 2014	
Date of R-PP Formulation Grant Agreement signature: n/a	
Expected date of Readiness Preparation Grant Agreement signature: February 2015	
Joint IFC: N/A	
Project Implementation Period: Start Date: February 15, 2015 End Date: February 28, 2018	
Project Financing Data	
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee
<input type="checkbox"/> Other	
For Loans/Credits/Others (US\$M):	
Total Project Cost :3.80	Total Bank Financing: 3.80
Total Cofinancing : N/A	
Financing Gap : N/A	
Financing Source	Amount
BORROWER/RECIPIENT	
IBRD	
IDA: New	
IDA: Recommitted	
Others: FCPF Readiness Fund	US\$3.8 million
Financing Gap	
Total	

Regional FCPF Trust Fund Number: TF018780

FCPF Country Child Trust Fund Number: TF017777

Recipient: Federal Republic of Nigeria

Responsible Agency: Federal Ministry of Environment

Contact: Mr. Salisu Dahiru

Title: Director of Forest Conservation and National Coordinator REDD+

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Institutional Data

Practice Area- Environment & Natural Resources

Cross Cutting Areas

- Climate Change
 Fragile, Conflict & Violence
 Gender
 Jobs
 Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Forestry	100	100	100
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Green House Gas Accounting

Is GHG accounting applicable for your project?

No

Themes

Theme (Maximum 5 and total % must be equal to 100%)

Major theme	Theme	%
Environment and natural resources management	Climate change	100
Total		100

Private Capital Mobilized

No

Gender Tag

Does the activity plan to undertake any of the following? **Please select Yes or No for each:**

Gender analysis and/or consultation on gender related issues. - Yes

Specific actions to address the distinct needs of women and girls, or men and boys, or positive impacts on gender gaps. - Yes

Mechanisms to facilitate monitoring and/or evaluation of gender impacts. - Yes

Clearances to the Readiness Preparation Proposal Assessment Note

Global Practice Manager:– Benoit Bosquet, 1/26/2015

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PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD+ Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD+ Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD+ Country Participant in the implementation of its R-PP.

ABBREVIATIONS AND ACRONYMS

CO ₂	Carbon dioxide
CRS	Cross River State
CSO	Civil Society Organization
GDP	Gross Domestic Product
ER	Emission Reduction
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FDF	Federal Department of Forestry
FME	Federal Ministry of Environment
FGRM	Feedback and Grievance Redress Mechanism
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IBRD	International Bank for Reconstruction and Development
km ²	Square kilometers
MRV	Measurement, Reporting and Verification
NESREA	National Environmental Standards and Regulations Enforcement Agency
NEWMAP	Nigeria Erosion and Watershed Management Project
NGO	Non-Governmental Organization
NTFP	Non-Timber Forest Products
OP	Operational Policy
PGA	Participatory Governance Assessment
PC	Participants Committee
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL	Reference Emissions Level
RPF	Resettlement Policy Framework

R-PP	Readiness Preparation Proposal
SESA	Strategic Environmental and Social Assessment
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD Programme	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
WB	World Bank
WG	Working Group

**FEDERAL REPUBLIC OF NIGERIA
REDD+ READINESS PREPARATION SUPPORT**

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FEDERAL REPUBLIC OF NIGERIA
REDD+ READINESS PREPARATION SUPPORT

I. Introduction and Context

A. Country Context

1. Nigeria is the most populous nation in Africa, with a population of around 170 million people, holding an enormous cultural and linguistic diversity, engaging in a rich social and political life, and sustaining a dynamic economy. The country has a surface area of approximately 923,768 km² with a wide range of ecological habitats, from tropical rainforests to drylands, as it extends from the coast of the Gulf of Guinea (with high rainfall) to the Sahel region (with low, declining rainfall).

2. Nigeria is a diverse country with major opportunities and complex challenges. Consisting of thirty-six states and the Federal Capital Territory, the Federation is divided into six geo-political zones. With more than 400 ethnolinguistic groups, it also features significant contrasts in terms of economic and social outcomes: robust economic growth and yet modest poverty reduction; dynamic urban growth centers and isolated rural areas; and widening social and income disparities in the context of abundant natural and human resources. States in Nigeria operate with a high degree of autonomy. States and local governments in Nigeria control more than half of the nation's revenue and are responsible for the provision of services that directly influence growth and poverty, such as primary and secondary education, health care, water and sanitation, rural infrastructure, and community services. The high degree of autonomy provides states, particularly those with dynamic and progressive leadership, an opportunity to move ahead on their own.

3. **Economic Growth and Poverty.** Nigeria's economy has been growing at 6 to 8 percent annually over the past decade, achieving Gross Domestic Product (GDP) per capita of approximately US\$3,000^{1,2}. Nigeria is Africa's largest economy. Nigeria is also Africa's largest oil producer; it holds the second highest proven reserves in the continent after Libya. Despite the robust growth over the last decade, rapid population growth combined with increasing inequality hampered faster poverty reduction. The percentage of Nigerians living in extreme poverty (US\$1.25 per capita per day, purchasing power parity adjusted) was 33 percent based on the 2012/13 panel General Household Survey³. Poverty is aggravated by high unemployment, a high rate of school dropouts, and compromised conditions for agriculture due to natural resource degradation.

4. **Nigeria's Development Vision.** Nigeria aims to become one of the 20 largest economies in the world by 2020. Its development agenda, laid out in the Vision 20:2020 document⁴, focuses on two transformational objectives: (a) optimizing the country's human and natural resource potential to achieve rapid economic growth; and (b) translating that growth into equitable social

¹ Data source: data.worldbank.org.

² All dollar amounts are U.S. dollars unless otherwise indicated.

³ The previous official poverty figure is 63 percent which is based on a 2009/10 Harmonized National Living Standards Survey (HNLSS).

⁴ Nigeria, Vision 20:2020, Economic Transformation Blueprint, National Planning Commission, 2009.

development for all citizens. The Government's medium-term strategy for achieving these goals is articulated in the 2011 Transformation Agenda, which aims at laying the foundation for a robust and inclusive growth of the Nigerian economy.

5. The current Bank's Country Partnership Strategy (2014–2017) is supporting these objectives and is structured around three strategic clusters: (a) *Promoting diversified growth and job creation*; (b) *improving the quality and efficiency of social service delivery at the state level to promote social inclusion*; and (c) *strengthening governance and public sector management*. The Bank's support to structural reform agendas for diversified growth and jobs focuses specifically on (i) increasing installed power generation and transmission capacity as well as improving the efficiency and governance of electricity delivery; (ii) boosting agricultural productivity and improving farmers' linkages with agro processors and (iii) scaling up resilience to current and future climate variability.

6. **Climate Change Vulnerability.** Nigeria's economy is dependent on climate-sensitive and climate-impactful industries, such as agriculture, forestry, and extractive industries. Recent World Bank analysis⁵ indicates that, if not addressed in time, climate change is expected to exacerbate Nigeria's vulnerability to weather variations, potentially resulting in reduced crop yields, declining productivity of livestock, and variability in water availability. Climate related challenges will be compounded by increasing population pressure on land and water resources and rapid urbanization.

B. Sectoral and Institutional Context

7. **Contribution of Natural Resources to Nigeria's Economy.** Nigeria's rich natural endowment supports the economic and socio-cultural base of millions of people, providing shelter, food, clothing, medicine, spiritual value, and raw materials for industry. The cost of ongoing environmental degradation (notably on renewable natural resources) and impacts is estimated at 10 percent of the GDP⁶ and is likely to increase under a business-as-usual scenario. Forests, one of Nigeria's most important renewable resources, contribute about 2.5 percent of the GDP. The forest resources are an important source of employment, with over 2 million involved in the fuel wood and construction pole value chains, and more than 80,000 people working in the log processing industries, especially in the forest zones of the south⁷.

8. **Status of Forest Resources**⁸. Nigeria's forests occupy about 9 million hectares representing close to 10 percent of the total land area. Nigeria's principal vegetation types range from dense mangrove forests in the Niger Delta and rain forests in the south, to dry grassland in the north, and montane grasslands in the Jos and Mambila Plateaux. More than 50 percent of what is left as Tropical High Forest is found in Cross River State (CRS)⁹. A forest reserve system (of 445 gazetted reserves) was created in 1937 – approximately 29 percent of Nigeria's forests are

⁵ World Bank (2013), *Toward Climate-Resilient Development in Nigeria*. World Bank, Washington, DC.

⁶ World Bank (2006), *Nigeria Rapid Country Environmental Analysis*. World Bank, Washington DC.

⁷ Forest Resources Assessment, Nigeria Country Report, FAO, 2010.

⁸ The available information on the forests is either obsolete or based on extrapolation from very old data, with the last national forest inventory dating back to 1997.

⁹ Preliminary Assessment of the Context for REDD in Nigeria, 2010, UN.

located within these forest reserves. In addition, more than 5 percent of the total land area is devoted to wildlife conservation areas distributed across the major ecological zones. See Annex VII for more information on forest management regimes in Nigeria.

9. **High Rate of Deforestation.** The overall average annual deforestation rate between 2005 and 2010¹⁰ stood at 4 percent, with approximately 410,000 hectares of forest lost annually. Since 1990, the country has lost an estimated 6.1 million hectares or 35.7 percent of its total forest cover. Deforestation is particularly high within primary forests - Nigeria has the world's highest deforestation rate of primary forests according to revised deforestation figures from the Food and Agriculture Organization of the United Nations (FAO)¹¹; the country lost 55.7 percent of its primary forests between 2000 and 2005. According to Nigeria's First National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), carbon emissions from land-use change per national GHG inventory in 1994 was 75.5 teragrams (Tg) CO₂ making up 39.2 per cent of the total gross national emissions¹². Over time, deforestation, large-scale land clearing and floodplain encroachment, mainly for agricultural production, have led to detrimental impacts on the economy and the environment. The unsustainable practices have resulted in loss of wildlife habitats and biodiversity and severe erosion that have in turn caused the loss of valuable top soil, significant siltation of water bodies and flooding. Sustainable forest management, therefore, is critical for the economy and livelihoods of people.

10. **Ongoing Forestry Programs.** At the national level, many forestry initiatives and programs have been developed to support sustainable forest management. These include the Nigerian Forestry Action Programme, the Forest Outlook Study for Africa, the Inter-Ministerial Committee on Desertification and Deforestation Programme, and the Programme of the National Council on Shelterbelt, Afforestation, Erosion and Coastal Zone Management. Most recently the Presidential National Afforestation Program, an ambitious nationwide reforestation program with indigenous species and local involvement, was launched to simultaneously regain forest cover and improve community livelihoods across the country. However, in spite of these impressive activities, forest management activities in Nigeria suffer from severe and chronic underinvestment.

11. **Other Climate Change Interventions.** Nigeria has a number of other climate change interventions that are relevant to REDD+. These interventions combined with the REDD+ Readiness support will contribute to strengthening Nigeria's strategic framework for climate action. In addition, the cumulative result of all these actions will enhance Nigeria's capacity to promote and achieve its plan for low carbon and climate resilient development and still maintain a range of win-win options to reduce emissions. The ongoing climate change interventions in Nigeria are:

- The *Great Green Wall for the Sahara and the Sahel Initiative* focuses on arresting the high rate of desertification in the country through community participation. This project aims to establish 1,500 km of shelterbelts 15 km wide from Kebbi State to Borno State along the northern fringes to serve as a barrier against the advancing Sahara desert.

¹⁰ Based on the Forest Resource Assessment 2010, FAO.

¹¹ <http://news.mongabay.com/2005/1117-forests.html>.

¹² Nigeria's First National Communication under the United Nations Framework Convention on Climate Change. The Government of Nigeria. 2003. (Ref. <http://unfccc.int/resource/docs/natc/nignc1.pdf>).

- The *Nigeria Erosion and Watershed Management Project (NEWMAP)* has the objective of reducing vulnerability to soil erosion in targeted sub-watersheds. This innovative project is helping prevent and reverse land degradation and other factors that are exacerbated by impacts of climate change.
- *Rural Women Energy Security* aims at providing rural women with access to clean energy. The National Clean Cook Scheme is part of this program, geared towards reducing dependence on fuel wood by 70 percent amongst rural populations. This scheme works on retrofitting kitchens in government institutions. The program launched in secondary boarding schools, hospitals and hotels is demonstrating high volume consumers' switch from cooking with firewood to cleaner fuels.
- The *National Bamboo and Rattan Value Chain Development Program* launched by the Department of Forestry in partnership with the United Nations Industrial Development Organization and the International Association of Bamboo and Rattan aims at providing substitutes for timber and sustainable charcoal.
- The *National Biodiversity Action Plan* was recently reviewed and updated, setting out targets for biodiversity and forms a key nucleus for livelihoods.

12. **Federal Legal Framework.** Nigeria has had forestry and natural-resource conservation laws since the first half of the 20th century. The first Forestry Act was enacted in 1937. Current legal framework for forest management is based on the Constitution of the Federal Republic of Nigeria (1999); the National Policy on the Environment (1989) encompassing the policy on Forestry, Wildlife, and Protected Areas; the National Forest Policy (2006); and the Land Use Act (1978 and amended in 1990).

13. **Other Policies of Land-Use and REDD+ Related Sectors** include: the National Agricultural Policy (1988); the Water Resources Act (1993); the Minerals and Mining Act (2007); the Federal National Park Act (1999 and amended in 2006); the Endangered Species Act (1985); and the National Gender Policy (2006).

14. **Climate Change Specific Legislation.** Aware of the country's high vulnerability to climate change, the Federal Executive Council approved the adoption of the National Policy on Climate Change and Response Strategy (NPCC-RS), as a National Document for implementing climate activities in the country. In parallel, the National Adaptation Strategy and Plan of Action for Climate Change in Nigeria (NASPA-CNN) are also being finalized. These will provide a guide for the integration of climate change adaptation goals into government policies, strategies and programs.

15. **State Level Legislation.** Nigeria is a federal country, and at the State level, each of the 36 States and the Federal Capital Territory have their respective forest policies and Forest Acts which are used to regulate forestry practices in their jurisdiction. See Annex IX for more information on the legal framework and institutional setup in the forestry sector.

16. **National REDD+ management** has five main functions: (1) manage implementation of REDD+ funding, including the FCPF grant, (2) co-ordinate REDD+ activities, (3) integrate REDD+ into broader national or sector strategies (e.g., national development plan, low-carbon development strategies), (4) manage inquiries, complaints and potentially grievances by

stakeholders that may arise during the preparation and implementation of activities, and (5) organize information sharing and stakeholder consultation and participation¹³.

17. Federal Level REDD+ Management Arrangements:

- Under the leadership of the Vice President, the National Council on REDD+, chaired by the Vice President and composed of the Governors of participating states and relevant Ministers (Environment, Agriculture and Rural Development, Water Resources, etc.) is the apex government body for the Nigeria REDD+ process.
- The Programme Steering Committee (currently for UN-REDD Programme support but envisaged to include FCPF-funded Readiness Activities under its mandate) operates under the leadership of the National Council on REDD+.
- The National Technical Committee is the multi-sectorial body represented by sectors engaged in land use as well as civil society and private sector. It contains knowledge and expertise available for supporting readiness implementation, operational monitoring and dissemination of program achievements to various stakeholders and concerned communities.
- The National REDD+ Secretariat has the responsibility for the day-to-day management and the execution of the entire program at the administrative, technical and financial levels. It is the Secretariat for the National Council, Programme Steering Committee, and National Technical Committee. The National REDD+ Secretariat is housed in the Department of Forestry, Federal Ministry of Environment.

18. State Level REDD+ Management Arrangements. The management arrangements at the federal level are mirrored by arrangements at the sub national, i.e., State level. Cross River State (CRS) will be the model from which other states can learn. Currently in CRS, the CRS REDD+ Unit, located in the CRS Forestry Commission, is responsible for day-to-day management of REDD+ activities; a CRS Technical REDD+ Committee serves as a Steering Committee at the State level. Also, government representatives from CRS are represented on the National REDD+ Council while the National REDD+ Coordinator is an observer to the CRS State Technical REDD+ Committee. See Annex IV for details on REDD+ Management Arrangements.

19. Intersectoral Coordination for REDD+ is paramount to its effectiveness. As many of the REDD+ strategy options identified in Nigeria's R-PP involve sectors other than forest and environment, especially agriculture and energy, the Federal Ministry of the Environment will establish a regular policy dialogue with the Agriculture, Energy, Land Use Planning (through the Planning Commissions) and Finance Ministries, to improve awareness of the role these sectors can play in REDD+ planning and implementation and to engage them actively in the further

¹³ There are further questions to guide countries on what should be addressed: (i) How are national REDD+ institutions and management arrangements demonstrating they are operating in an open, accountable and transparent manner? (ii) How are national REDD+ institutions and management arrangements ensuring REDD+ activities are coordinated, integrated into and influencing the broader national or sector policy frameworks (e.g., agriculture, environment, natural resources management, infrastructure development and land-use planning)? (iii) How effectively and efficiently are national REDD+ institutions and management arrangements leading and supervising multi-sector readiness activities, including the regular supervision of technical preparations? and (iv) How are institutions and arrangements demonstrating effective, efficient and transparent fiscal management, including coordination with other development partner-funded activities?

development of the strategy options concerning them.¹⁴ In order to “mainstream” REDD+, most of this policy dialogue process is planned to take place in existing cross-sectoral coordination bodies, such as the National Inter-ministerial Committee on Climate Change (with its sub-committee on REDD+), the Renewable Energy Program Platform, and the National Food Security Program.

20. This cross-sectoral policy dialogue process will also need to be replicated in the States participating in REDD+, as has already started to happen under the Governor’s leadership in Cross River State.

Deforestation and Forest Degradation – Drivers and Strategy Options

21. **Drivers of Deforestation and Forest Degradation.** As in all countries experiencing deforestation, the drivers of deforestation and forest degradation in Nigeria are complex, multi-fold and multi-layered. Without addressing the fundamental pressures leading to forest loss it will not be possible to reverse the trend. It is important to distinguish between the direct and indirect drivers of deforestation. The information on direct drivers and underlying causes (indirect drivers), as identified in the R-PP, provides the basis on which to determine the appropriate National REDD+ strategy (complete analysis from the R-PP is included as Annex VII). In essence, the three priority sectors for REDD+ are agriculture, energy, and forest governance. Further analysis on drivers of deforestation and forest degradation will be undertaken during the REDD+ Strategy development process.

22. **Direct Drivers of Deforestation and Forest Degradation.** In 2010 a workshop was held where stakeholders identified and ranked the different drivers of deforestation and forest degradation. It was generally agreed that the major ‘direct’ causes of deforestation in Nigeria are a result of:

- ✓ Conversion to agriculture, primarily for subsistence needs, though also for commercial production. This also includes expansion for pasture;
- ✓ The removal of timber in Nigeria that is occurring at an uncontrolled rate, without strict adherence to laws or payment of appropriate fees and levies, contributing to increasing rates of forest loss. Fuelwood contributes significantly to deforestation and degradation too, with around two thirds of the country relying on wood as a primary source of fuel, particularly for cooking;
- ✓ Infrastructure extension involving construction of roads, settlements, pipelines, open pit mines, hydroelectric dams, are also recognized as an important driver of deforestation, both directly and through the process of opening up areas for better access; and
- ✓ Finally, forest fires through the annual bush burning are also viewed as a significant contributing factor in deforestation and degradation.

23. **Underlying causes of deforestation and forest degradation.** Without addressing the underlying pressures leading to forest loss it will not possible to reverse the trend. These underlying causes of deforestation and forest degradation can be loosely divided into the following categories:

¹⁴So far, this dialogue has been conducted on an informal basis, and there is actually quite a lot of interest from the other sectors in the REDD+ process.

- ✓ **Policy and market failures:** policy failures are perverse government policies that provide incentives for degradation or resource exploitation; while market failures occur when the economic values of forests are not properly incorporated into decision-making. Policy failures include: (i) outdated forest laws; (ii) sector-specific forest policies that encourage deforestation; (iii) development policies outside the forestry sector promoting large agricultural programs, mining, dams, roads, and other infrastructure projects; and (iv) Nigeria's tenure policies. Market failures are persistent throughout the forest sector leading to a lack of proper value attached to the multiple goods and services which forests provide.
- ✓ **Governance:** deforestation and degradation result from the combined impact of poor forest tenure arrangements and weak forestry institutions, which in turn determine the set of incentives that leads to overexploitation. In Nigeria the major governance challenges are: (i) lack of integration with other ministries; (ii) forest land tenure which fails to formally recognise community tenure of land removing an incentive for villages to manage their land resources more effectively; (iii) weak capacity at federal and state level; (iv) absence of forest management planning; and (v) de-reservation by state governments.
- ✓ **Demographics:** a growing rural population and migration to the rural areas and forest frontiers increases the pressure on forests. Also, as the majority of the population are still dependent on wood fuel, a growing population puts pressure on the forests for extraction and burning of wood, unless alternatives can be provided.
- ✓ **Poverty:** the forest dwelling communities are some of the poorest in Nigeria and depend on the forest to support their basic livelihoods - food and fuel. The poor farmers extract what they can from the forests to support themselves, and have little time or resources left to invest in resource conservation or management. Some of the persistent issues that keep communities in poverty include: (i) lack of access to basic services; (ii) lack of land tenure security; (iii) land-extensive agricultural technology; and (iv) exploitation by outside interests.
- ✓ **Macroeconomic factors:** these include external debt; foreign exchange rate policy and trade policies governing the sector. Examples of these are: (i) policies supporting export orientated agriculture production; (ii) ban on wood export: the ban on log and sawn timber exports has contributed to the inefficiency of the wood industry by keeping prices lower than competitive prices; and (iii) high revenue targets and low timber fees.

24. A more detailed analysis as per the R-PP is included in Annex VII.

25. **Strategic Options to Address and To Make a Difference.** Based on the identified drivers of deforestation and forest degradation, strategic options were identified to address them. Detailed descriptions of the six strategic options and the rationale behind each are found in the R-PP. They are also summarized in Table 1 below along with some of the key issues for implementation and an indication of greenhouse gas emissions reductions potential.

Table 1: Overview of Nigeria’s REDD+ Strategy Options

REDD+ Strategy Option	Rationale	Key implementation issues	ER potential¹⁵
Policy, legislative and institutional reform	Current enabling environment drives deforestation and forest degradation	<ul style="list-style-type: none"> - reach out to other key sectors including agriculture and energy 	+++ (MT to LT)
Land use zoning & planning	This is essential to guide development away from remaining forest, and to enable forest restoration and reforestation where appropriate	<ul style="list-style-type: none"> - buy-in from other sectors key - use of affordable technology that can be mastered by the States essential - need to work across State boundaries for key infrastructure decisions 	+++ (MT to LT)
Secure forest use rights for local communities	Current legal and policy environment does not recognize customary tenure, thus accelerating deforestation	<ul style="list-style-type: none"> - bring on board State and local governments for recognition of customary tenure - ensure that customary chiefs take into account interests of the community, including women 	+++
Alternative agricultural systems	Some farming systems expand into remaining forests	<ul style="list-style-type: none"> - mobilize other sectors - mobilize agribusinesses with sustainability commitments for support - use and restore already degraded lands for agricultural expansion - develop viable systems to make smallholder farming more sustainable 	+++
Support forest protection and restoration	Even when enabling environment for forest conservation is improved (see options above), assistance and incentives may be needed to promote forestry	<ul style="list-style-type: none"> - forestry incentive schemes need to be carefully balanced to avoid over-subsidizing activities that might be viable in their own right - payment schemes for environmental services (incl. ER) may be needed to reward local actors; these are hard to design and administer 	++

¹⁵ Emissions reduction potential (+ = low, ++ = medium, +++ = high)

Energy options to reduce fuelwood use	Fuelwood use is a major cause of forest degradation	<ul style="list-style-type: none"> - one size does not fit all: energy alternatives are likely to vary considerably among and within States - balanced assessment of energy alternatives requires wide-ranging technical and economic expertise - many donor-funded efforts to make fuelwood use more sustainable have had limited impact 	++
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C. Relationship to CPS

26. The objectives and activities to be funded under the FCPF grant are consistent with the Country Partnership Strategy 2014-2017¹⁶. The Readiness Preparation Activities will contribute to achievement of the CPS objectives under the First Strategic Cluster, more specifically under the focus area of *agricultural productivity and climate change (resilience)* which includes the following under its proposed measures: reducing immediate and long-term climate risks to rural livelihoods by treating and reversing land degradation, supporting climate smart agriculture, water catchment management, reducing deforestation and forest degradation and fostering reforestation, and enhancing capacity to prevent and manage climate-related disasters including through more efficient hydro-meteorological systems and innovative finance to respond to shocks. The proposed activities also contribute to achievement of the World Bank Group's Corporate Goals – to end extreme poverty and to promote shared prosperity with environmental, social, and fiscal sustainability, by addressing the problems of costs of natural resource degradation and the developmental threat of climate change. In addition, under the Bank’s Africa Development Strategy, *Africa’s Future and the World Bank’s Support to It*, the Readiness Preparation Activities contribute to Pillar 2 (vulnerability and resilience) while also strengthening governance and public sector capacity by addressing capacity constraints among relevant sector actors.

27. The Readiness Preparation Activities will also contribute to the Government of Nigeria Vision 20:2020 objective on preserving the environment for sustainable socio-economic development.

28. The Readiness Preparation Activities are consistent with the Bank’s investment and analytical support to enhanced environmental management and climate change resilience. They build upon the two flagship climate change studies for Nigeria - *Toward Climate-Resilient Development in Nigeria* and *Low-Carbon Development Opportunities for Nigeria*. They complement the sustainable forest management activities supported under the ongoing NEWMAP.

¹⁶ World Bank (2014), World Bank Country Partnership Strategy for the Federal Republic of Nigeria for the Period FY2014-2017. World Bank, Washington DC World Bank Report number 82501-NG, approved on March 13, 2014

29. The Bank has significant global and regional experiences in supporting countries in their REDD+ Readiness preparation efforts. It is currently actively working with 14 countries in Africa as a delivery partner under FCPF and will fully utilize its comparative advantages in Nigeria.

II. Proposed PDO/Results

A. Proposed Development Objective(s)

30. **Project Development Objective** for the Readiness Preparedness Support is to support Nigeria design a socially and environmentally sound strategy to reduce emissions from deforestation and forest degradation.

B. Key Results

31. The following are the key results of the Readiness Preparation Activities – please see Annex II for a complete Results Framework:

1. REDD+ Readiness arrangements fully functional (disaggregated by national and sub-national level);
2. A National REDD+ Strategy prepared and validated through a consultative process;
3. A National Environmental and Social Management Framework developed and validated through a national Strategic Environmental and Social Assessment process;
4. A National Reference Emissions Level established;
5. Direct project beneficiaries (number), of which female (percentage).

III. Project Context

32. The FCPF Participants' Committee (PC), the Governing Body of the FCPF, approved the Readiness Preparation Grant Funding to Nigeria in the amount of up to US\$3.6 million through its Resolution PC/16/2013/7. Additionally, Nigeria is eligible to receive \$200,000 from the FCPF to strengthen national feedback and grievance redress mechanisms¹⁷. Total amount of FCPF funding for Nigeria's Readiness Preparation Activities is \$3.8 million.

33. The FCPF grant will complement activities initiated and completed with the UN-REDD Programme financing to enhance REDD+ readiness both at national and State levels (see Annex X for details on REDD+ process in Nigeria to date)¹⁸. The UN REDD Programme provided support to REDD+ Readiness at the National Level and in the Cross River State. Funding from the FCPF will provide further support to National level REDD+ Readiness and state-level REDD+ Readiness in Nasarawa and Ondo states and completing REDD+ Readiness in the Cross River State. The R-PP (please see Annex V for links to Nigeria's R-PP) specifies the expected outputs and required budget for the activities to be supported through the FCPF grant, while showing how

¹⁷ Ref. Resolution PC/Electronic/2012/1.

¹⁸ REDD+ Readiness is already operating in Cross River State and the plan is to expand to Nasarawa and Ondo states.

the requested FCPF support would complement the ongoing UN-REDD support (hence the R-PP includes an integrated planning and budgeting, component by component).

34. Nigeria decided to expand the scope of REDD+ to two additional states as part of its long term strategic plan for climate change mitigation nationwide, having recognized that deforestation and forest degradation represent major carbon emissions sources in the country. Thus, rolling out REDD+ Readiness in just one state out of the country's 36 will not contribute much in terms of emission reductions, hence the Nigeria REDD+ was designed to be rolled out to new interested states as the country progresses in REDD+ Readiness.

35. The Government of Nigeria completed the selection of the two new pilot states in January 2015. Key sets of criteria for selection of the two new states were: state commitment; technical capacities; community commitment; and legal and regulatory aspects. Ondo and Nasarawa States were selected as two new pilot states for REDD+ to be supported under the FCPF Grant. Please see Annex VIII for detailed information on the selection process and its criteria and for detailed information on the two new pilot states.

36. The forests in these two states have high biodiversity and carbon value. The inclusion of these two states in the REDD+ Readiness process will help bridge the need for credible temporal baseline in developing projections for forest cover change that is fundamental to REDD project development.

A. Concept

1. Description

37. Activities selected followed the guidelines, standards, and technical criteria established by the FCPF, with regard to the recommendations that emerged from numerous consultations and assessments. The selection process took into consideration (i) how critical they are to getting Nigeria REDD+ ready; (ii) complementarity with the work accomplished under the UN-REDD Programme support¹⁹; (iii) the potential to raise financing for other activities elsewhere; and (iv) their usefulness to the forest sector management regardless of REDD+ success (no-regrets options) – all this within the limits of available financing. The selection of activities also considered the technical and financial needs of the country and the comparative advantage of the World Bank.

38. The FCPF support is limited to technical assistance for REDD+ Readiness pillars, namely analytical studies, capacity building, consultations, meetings, and operating costs; the FCPF

¹⁹ The proposed activities will build upon findings and outcomes of the UN-REDD Programme supported work at the federal level and in Cross River State. E.g. the findings of the Participatory Governance Assessment (PGA) will support the REDD+ Strategy work in the following areas: broad and informed participation of REDD+ stakeholder; harmonization of policy and legal framework for REDD+; transparency and accountability of the REDD+ process and finance; and inter-governmental relations and coordination. Preliminary research for the PGA included stakeholder analysis, the private sector (to more meaningfully involve key private sector actors in the PGA process), traditional means of communication, and mapping governance issues relevant for the REDD+ process in CRS and at national level.

support does not include the implementation of the site-specific REDD+ programs (pilots / demonstration sites).

39. The grant support will be organized along four components that correspond with the components and sub-components of Nigeria’s R-PP. The components and their linkages to R-PP components are summarized in Table 2 below. For detailed description of components and implementation arrangement description, please see Annex IV.

40. The FCPF support will advance Nigeria towards REDD+ Readiness; however, the following funding gaps have been identified: establishment and operationalization of the Monitoring, Reporting and Verification (MRV) system (based on the design developed with FCPF grant support); set up of a multiple-benefits information system, including a Safeguards Information System; and establishment of arrangements for flow of REDD+ funds²⁰. Government of Nigeria will continue fundraising to complete these activities and make Nigeria REDD+ ready.

41. Given the ongoing global climate change dialogue as well as the uncertainty of availability of donor financing for results-based payments (including from the Carbon Fund of the FCFP) it is prudent for Nigeria to also devise a means of self-funding a National strategy in a sustainable way. Such an approach will deepen the Government’s ownership and also boost an international community’s confidence in Nigeria’s commitment to REDD+. In this regard, the FCPF support will build the capacity of the Government at Federal and State level to adequately cost REDD+ Strategy options and lobby for financing for REDD+ to be included in the national budget.

Table 2: Project Components and Costs (US\$, ‘000)

Activities for FCPF Funding	R-PP Component	Cost, ‘000 US\$
Component 1: Strengthen National and State Level Readiness Management Arrangements		884
1.1 National Readiness Management Arrangements	1A	412
1.2. State Level Readiness Management Arrangements	1A	398
1.3 Monitoring and Reporting for REDD+ Readiness process	6	90
Component 2: Develop REDD+ Strategies and Conduct SESA		1,200
2.1. Improve Analytical Work and Develop REDD+ Strategy at National and State Levels	2	450
2.2. Develop SESA and Safeguards Instruments	2	750

²⁰ Some aspects of the flow of funds will be preliminarily covered under the National REDD+ Strategy

Component 3: Develop Reference Emissions Levels	3	900
Component 4: Enhance Stakeholder Engagement, Communication, Consultation and Feedback for REDD+ Readiness Process		650
4.1. Participatory structures and stakeholder engagement	1B	100
4.2. Communication on REDD+	1C	100
4.3. Consultations on REDD+	1C	250
4.4. Feedback and Grievance Redress Mechanism	1C	200
Contingency		166
TOTAL		3,800

Component 1. Strengthen National and State Level Readiness Management Arrangements (US\$884,000, all from FCPF)

42. The objective of this component is to support national and state-level coordination and monitoring of the REDD+ process, including the project management costs. The component has three sub-components: Sub-Component 1.1: National Readiness Management Arrangements; Sub-Component 1.2: State Level Management Arrangements; and Sub-Component 1.3: Monitoring and Reporting for REDD+ Readiness process.

Component 2: Develop REDD+ Strategies and Conduct SESA (US\$1,200,000, all from FCPF)

43. The objective of this component is to carry out analytical work feeding into formulation of a National REDD+ Strategy and State REDD+ Strategies (including on benefit sharing) in two new pilot states and CRS, develop the strategies themselves, to undertake the SESA that will assess the potential environmental and social risks and impacts, both positive and negative, of the proposed REDD+ strategy and produce national level safeguards instruments (ESMF, RPF, and PF), and a state level ESMF for CRS. The Component has two Sub-Components: Sub-Component 2.1: Improve Analytical Work and Develop REDD+ Strategy at National and State Levels, and Sub-Component 2.2: SESA and Safeguards Instruments.

Component 3: Develop Reference Emissions Level (US\$900,000, all from FCPF)

44. The objective of this component is to develop Nigeria's national REL taking into account the national circumstances and UNFCCC guidance

Component 4. Enhance Stakeholder Engagement, Communication, Consultation and Feedback for REDD+ Readiness Process (US\$650,000, all from FCPF)

45. The objective of this component is to ensure broad stakeholder engagement in REDD+ process, establish and maintain participatory stakeholder structures at the state-level in two new states, support communication on REDD+, conduct consultations on specific issues related to REDD+ Readiness process, and design and establish a feedback and grievance redress mechanism. The component has four sub-components: Sub-Component 4.1: Participatory structures and

stakeholder engagement; Sub-Component 4.2: Communication on REDD+; Sub-Component 4.3. Consultations on REDD+; and Sub-Component 4.4: Feedback and grievance redress mechanism.

2. Overall Risk and Explanation

46. *The overall risk rating for the project is Substantial.* The REDD+ Readiness process presents a substantial level of risk, as it depends directly on a conducive governance environment and tackles issues that are sensitive in nature, such as land and forest tenure rights, and will address intersectoral dynamics that can be challenging. The program maintains a relatively high degree of international visibility, due to the high stakes of REDD+ for various stakeholders including vulnerable forest-dependent communities; however, ample attention is paid to appropriately and adequately deal with sensitive issues in the Readiness process. Stakeholder expectations for receipt of large near term payments for REDD+ are high and may not be realistic although stakeholders in the CRS appear very much on board with the REDD+ process and keen on preservation of their pristine forests. See Annex I for details on risk assessment.

B. Implementing Agency Assessment

47. The Federal Ministry of Environment (FME) is the lead Implementing Agency. The institutional arrangements take into account the fact that the REDD+ Strategy will be a national product that shall be developed through a government led process. The FME has experience with implementation of the Bank-financed projects, including the NEWMAP (P124905, \$658.59 million) currently under implementation.

48. At the Federal Level, the National REDD+ Secretariat that already coordinates implementation of the UN-REDD Programme, will be at the center of day-to-day project management and implementation. The National REDD+ Secretariat is housed in the Department of Forestry, FME, and headed by the National Focal Point for REDD+, a substantive Director of Forest Conservation in the Forestry Department. The REDD+ secretariat team members come from a mix of seconded staff from relevant departments in the Ministry of Environment. In addition, the REDD+ Secretariat will be supported by the recruitment of two full-time consultants during the period of the FCPF grant implementation with UN-REDD Programme support (namely a Stakeholder Engagement Specialist and an MRV Specialist).

49. At the State levels, the FCPF grant will support establishment of the REDD+ Units in two new states, including through recruitment of State level REDD+ Unit managers and financing of their operating costs. The REDD+ Unit in CRS, established under the UN-REDD Programme support, will continue functioning. Government authorities in Nasarawa and Ondo states have experience with implementation of other Bank-funded projects, e.g., Fadama III Project.

C. Project Stakeholder Assessment

50. The forest and climate constituencies are broad and expanding in Nigeria. The current R-PP document is a result of many contributions, after a long process of multi-stakeholder consultations and both technical and policy dialogue.

51. **National REDD+ Platform.** The *National Stakeholder Platform for REDD+* ensures representation of women, youth, ethnic minorities, forest-dependent communities including the ones in CRS and other identified marginal or vulnerable groups. The platform has been inaugurated and has met once after the inaugural meeting of the National REDD+ Steering Committee. In the future it will meet at least twice per year to discuss program progress, outputs and challenges. Members to the platform are selected on their records and their past engagement and activity. Membership is open to any Non-Governmental Organization (NGO) or organization that has shown some commitment to REDD+ or to related issues.

IV. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

52. The Bank has mobilized specific technical expertise to respond to Nigeria's needs. The R-PP was developed without funding from the FCPF. However, it was widely reviewed and assessed by the World Bank (WB) task team, the FCPF Facility Management Team, independent reviewers on behalf of the FCPF's Technical Advisory Panel, and the FCPF PC.

53. Please see Annex III for team composition for the REDD+ Readiness Preparation Stage.

V. Assessment Summary

A. Technical

54. The activities to be financed by the FCPF grant have been selected after technical discussions with the Government of Nigeria, REDD Secretariat and REDD focal point, and follow guidelines, standards, and technical criteria established by the FCPF, with regard to the recommendations that emerged from numerous consultations and assessments. All selected activities are linked to (i) key deliverables outlined in Nigeria's REDD Readiness Preparation Proposal (R-PP), (ii) build on activities already supported by, and taking into account activities likely to be supported through UN-REDD Programme in future, and (iii) keep in view that FCPF support of 3.8 million cannot meet all readiness needs and, therefore, align the selected activities to World Bank comparative advantage. Furthermore, the selection process was based on the priority needs for conducting the REDD+ Readiness process in selected provinces, consistent with sub national approach for REDD+ adopted by Nigeria and complementarity with support provided through other Bank projects, and the government.

B. Financial Management

55. The FM assessment indicates that the financial management arrangements in the FME satisfy the Bank's minimum requirements under OP/BP10.02. The financial management risk is assessed as being moderate. Details on Financial Management Assessment are included as Annex XI.

C. Procurement

56. The Department of Forestry under the FME is familiar with the Federal Government procurement system. The FME has adopted the procurement manuals and other relevant procurement documents of the Bureau of Public Procurement in implementing the annual approved budget of the department. This includes the tender documents, standard request for proposals, evaluation report templates etc. The Ministry of Environment has been responsible for all the procurement activities of the Department of Forestry, using the national procurement system, since there is no required procurement capacity as well as a dedicated procurement officer with procurement responsibilities in the department. Like many other departments under the ministry, the department of Forestry provides the required technical inputs during the procurement process e.g. during evaluation of bidding documents and technical proposals. Details on Procurement Assessment are included as Annex XII.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

57. The proposed Readiness Preparation Activities comply with World Bank safeguard policies regarding the management of environmental and social impacts. They will, in part, support the country's activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a SESA to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches (see Figure 1). The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness Preparation process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD Country's progress reports on Readiness preparation; (iii) a national-level Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts, at the national level and in CRS specifically ; and (iv) development of a Resettlement Policy Framework and of a Process Framework to identify specific provisions to address potential displacement or restriction to and use of natural resources (see Terms of Reference (ToR) in Annex VI).

58. The SESA process will be carried out at the National Level with a special emphasis in the new states under readiness, namely Nasarawa and Ondo. The nationwide SESA will result in a production of national ESMF, RPF, and PF.

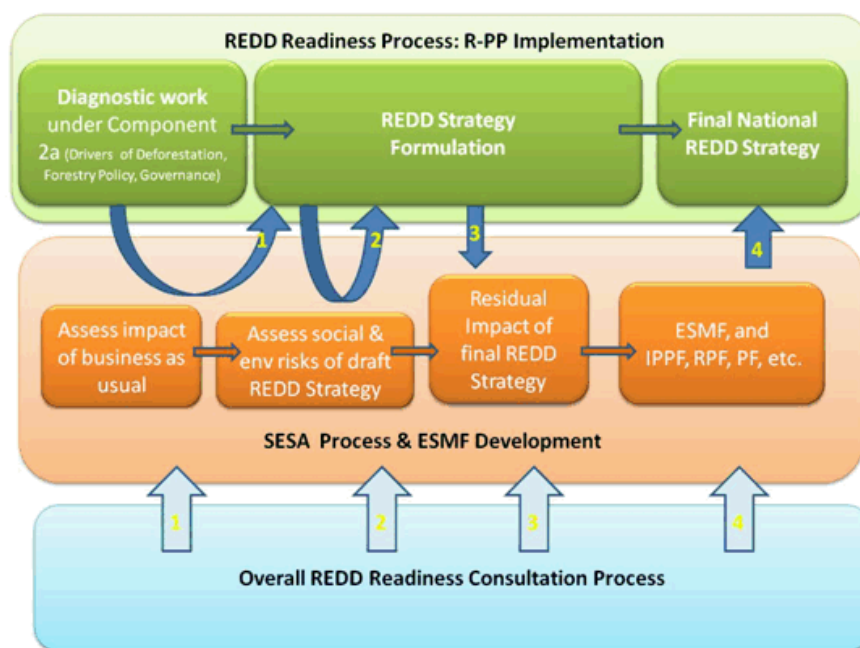
D.1 Social (including Safeguards)

59. A two-pronged SESA process (national and state level) will be used in Nigeria for implementing the SESA process. Nigeria has committed to developing a national REDD+ strategy using FCPF funding. During the UN-REDD Programme phase an initial national assessment on the drivers and underlying causes of deforestation and forest degradation was conducted. The national SESA process will accompany the development of the national REDD+ strategy and will also result in preparation of a national ESMF, a national RPF, and a national PF. In addition since REDD+ was implemented in CRS with the UN-REDD Programme, where the drivers of deforestation and forest degradation and strategic options are known, FCPF funding will be used to support the development of ESMF at the State level in CRS. It is envisaged that this activity in

CRS will be implemented first and would help inform the national level SESA and ESMF development during the period of FCPF grant support.

60. **The SESA will be the key instrument to identifying and addressing all environmental and social aspects, risks and impacts of the proposed REDD+ Strategy Options and activities.** The critical environmental and social issues to be analyzed during the SESA process will include analysis of these regulations to include the Forestry law as well as the land Use Act. Furthermore specific issues to be analyzed will include but not limited to (i) intersectoral linkages within the land-use planning process and trade-offs and opportunity costs involved with different land uses; (ii) forest governance and management; (iii) land use and ecosystem valuation; (iv) forest land tenure and ownership looking at the issues of customary rights, users access rights and informal and formal grievance mechanisms; (v) legal and regulatory systems related to land tenure, land administration; (vi) allocation of revenue benefits to land owners; (vii) clear identification of who owns the carbon rights; and (viii) gender dimensions of forest use and management and role of women in decision-making about land use, resource management and benefit sharing arrangements.

Figure 1. SESA in the REDD+ Readiness Preparation process



61. **The SESA process will also look at the co-benefits associated with the REDD+ strategies.** Forest in Nigeria provides countless ecosystem and cultural services in a manner that has long been recognized. These services include water quality and quantity protection, biological diversity (including many species that are harvested from natural forests), non-wood forest products (many of which are integral to custom and culture), local climate services, medicinal plants and assets for the growing nature-based tourism sector. Substantial indirect benefits will also be obtained through improved governance, especially relating to land tenure and improved livelihoods for rural communities, local climate services, medicinal plants and assets. Clearly, these types of co-benefits are very important to the local economy and culture.

62. **The final stage of the SESA process would be the development and validation of the ESMF, RPF, and PF.** The ESMF provides a framework for managing and mitigating social and environmental risks and impacts associated with REDD+ operations. It will ensure compliance of proposed REDD+ interventions with the WB Safeguards Policies, most notably Environmental Assessment (OP 4.01). At the same time, the ESMF will identify ways to maximize benefits with regard to social, cultural and economic well-being of particularly forest dependent populations and vulnerable and marginalized groups within these populations; and prevent or mitigate any negative impacts on the forest biodiversity and wider ecosystem. Other Policies to be triggered include: OP 4.04 on Natural Habitats; OP 4.36 on Forests; and OP/BP 4.11 on Physical Cultural Resources. Triggering of OP 4.09 on Pest Management is to be determined.

63. The RPF and PF will pay particular attention to the “do no harm” aspects of the applicable safeguard policies, such as Involuntary Resettlement (OP/BP 4.12) with its focus on the restriction of access to resources in legally designated protected areas and on physical and economic displacement.

64. **The national institutional capacity for implementing World Bank environmental and social safeguards is strong.** In terms of capacity, the FME currently has experience in, or a mandate for, environmental or social management. To manage the delivery of the SESA and ESMF, the Nigeria National REDD+ Secretariat plus the REDD+ Unit in CRS and the two new States will be supported by a Safeguards Working Group to be established under the auspices of the REDD+ Technical Committee. The SESA Working Group (WG) will coordinate the development of the SESA and related Frameworks and will ensure that institutional and capacity gaps for managing identified risks are fully assessed. The SESA WG will work closely with the REDD+ Technical Committee, at national and state levels and the consultant team hired to carry out the SESA process.

65. **Conducting the SESA for Nigeria’s REDD+ strategy development will involve consultations with key stakeholders and interest groups, including forest-dependent groups (forest dwellers and communities living adjacent to the forests).** It will give special consideration to livelihoods, land rights (including those of forest-dependent people), biodiversity and cultural heritage and equitable distribution of benefits, gender and special protection of vulnerable groups in society, capacity development, and governance. It is noted that the SESA process in Nigeria will be built upon the earlier work conducted by UN-REDD program in Nigeria. Significant analysis and consultations on the social and environmental impacts on REDD+ was conducted in Cross River State using the UN-REDD social and environmental standards for REDD+. The findings of the work will be used to inform the SESA process and to undertake some gap filling measures when required.

66. **The SESA would ensure that REDD+ is consistent with the World Bank Safeguards Policies and is cognizant of Nigeria’s relevant environmental, land and forest laws and regulations.** Particular emphasis will be made in reviewing the Land Use Act at the national and state levels as it relates to land ownership and usage. Nigeria’s land tenure system is rather complex. Prior to the introduction of the Land Use Act in 1978, the system of landholding was regulated essentially by the customary and received English legal system. Under the customary land tenure, land was either vested in the community or in the family. Ownership and management

of land in many communities were governed by the customary law of the local community with its varying characteristics and peculiarities. Law was corporately owned by the community or family, and only in isolated cases could land be owned by an individual. Individual landholding, in the form of the English freehold system, was then relatively smaller than other forms of landholding. Also, the state had power, under the Compulsory Acquisition Law, to acquire land for public purpose only. Issues related to land tenure would need careful analysis during SESA process to help inform policy decisions on land tenure and on REDD+ benefits distribution mechanisms.

67. The SESA process will take into consideration that men and women’s knowledge of and management strategies for forests are directly related to their use and dependence on forest resources. Poor rural women, for example, are dependent on forest resources for extraction consumption and sale of fuel wood and other non-timber forest products (NTFP), which provides crucial livelihoods opportunities. In addition women are predominately engaged in small scale subsistence farming and utilize natural resources for domestic production and household consumption more than men. Therefore any REDD+ strategic options have to take into consideration the gender dimension. Mitigation measures must be put in place to ensure that the institutional frameworks and policies for REDD+ equally benefit both men and women, especially in the areas of land tenure and security and with regards to the multiple co-benefits that REDD+ has to offer. Gender analysis at the national level plus the two new states under the SESA process will build on the UN-REDD analysis conducted in CRS. The gender analysis to be guided by the 2006 national gender policy and would include the development of gender sensitive indicators for monitoring results of readiness activities. A gender specialist already in place within the national REDD+ Secretariat will facilitate and provide guidance as the SESA process unfolds.

68. Capacity Building. Whenever possible, the SESA will build upon existing knowledge and institutions that currently carry out similar studies to inform strategic, sectoral planning or other relevant impact assessments. A capacity assessment will help to identify the specific stakeholders that are most relevant to the SESA and identify the priority areas for institutional strengthening that are needed for the realization of the SESA. This assessment will also gain information on where to focus future capacity building to support implementation of recommendations arising from the SESA, i.e. through focused personnel training or institutional strengthening. In order for the relevant stakeholders to fully engage with the SESA team, a series of educational or training sessions must first occur. The exact nature and content of these training sessions will be determined via a capacity assessment. Training and awareness material to enable the informed engagement of local communities and various target groups in the SESA will be developed in collaboration the Forestry Department and relevant stakeholders including NGOs / Civil Society Organizations’ (CSOs) Platforms

D.2. Environmental (including Safeguards)

69. Nigeria has a well-defined and established regulatory system for safeguarding environmental resources and ecologically significant areas from degradation and loss. The system includes protection of environmental resources, excluding activities that are likely to have significant adverse impacts on eco-sensitive areas, coastal areas and wetlands or degrade the

environmental extensively, especially with the use of a well-established environmental impact assessment system. The government is fully aware of the urgent need to address the issues of biodiversity loss and sustainable forest management. The implementation of grant-funded R-PP activities (which are mainly analytical works, consultation, planning and capacity building) will have no direct environmental impacts. However, the REDD+ strategy options to be identified and discussed during the Readiness process and to be implemented using other sources of funding (not necessarily from the World Bank) will have potential environmental impacts, hence requiring more detailed attention during readiness. The implementation of the REDD+ strategy options is expected to have net positive environmental impacts particularly in terms of biodiversity conservation and sustainable forest management. Nonetheless, some negative environmental impacts may occur in potential future emission reduction programs that would involve reforestation, afforestation, plantation forest, agricultural production and infrastructure. These include possible introduction of alien invasive tree species, possible increased use of pesticides and potential massive conversion of degraded natural forest into mono crop plantation forest (e.g. cocoa, palm trees, etc.). Moreover, any support infrastructure such as access road could also have localized environmental impacts, such as siltation/sedimentation of waterways and minor vegetation loss.

70. As part of the readiness activities, the Federal Government of Nigeria will undertake a SESA to be conducted in parallel with the consultations on the REDD+ strategy options. The key component of the national SESA exercise is the formulation of a national-level Environmental and Social Management Framework (ESMF) that would address the above issues and comply with the relevant World Bank Safeguard Policies. An ESMF for CRS will also be prepared, based on the identified potential impacts of the CRS REDD+ Strategy. In addition, land tenure /governance assessment, as well as land use ecosystem valuation will be conducted as part of readiness. It is expected that these studies will help inform the status of rights relating to and security of land tenure

D.3. Consultation, Participation and Disclosure

i. Experience to Date

71. The REDD+ Readiness activities in Nigeria to date have been highly participatory in their nature. The R-PP presents a chronology of stakeholder engagement process for REDD+ in Nigeria, starting from October 2009.

72. Participatory structures and mechanisms exist; the national REDD+ committees include representatives from relevant stakeholder groups, including ethnic minorities and civil society. CSO representatives have been invited onto the appropriate REDD+ committees. In addition to the national level, participatory fora were established (or existing ones used) at the local level to ensure active engagement of local stakeholders. To this end national and state level Stakeholder Platforms have been established and are already functioning in Cross River State.

73. A CSO organizations consultation for the R-PP was held on July 22, 2013 (see R-PP annexes for details of this consultation). The objective of the meeting was to get specific civil society input on the consultation mechanism, grievance mechanisms and in this context to provide ideas for further stakeholder involvement. The meeting was held without any government officials

or members from the national REDD+ Secretariat, in order to let civil society members express their concerns freely and anonymously.

74. Afterwards, a second multi-stakeholder workshop was held on July 23-24, 2013, to present the contents of the R-PP and the Consultation and Stakeholder Plan, as required as part of the FCPF guidelines. This event included a broad range of local and national stakeholders, including community members, civil society members, academia, and participants from different ministries. The statement of Nigeria's stakeholders endorsing this consultation workshop is provided in Annex 1c (i) of the R-PP. Concerns and issues raised were subsequently incorporated into the R-PP.

75. The fact that the FCPF grant will provide funds in two additional states would imply that this process of stakeholder consultation and validation must take place in these identified states. It is recognised that this has not been carried out, because the states first have to undergo the objective selection process.

76. In Cross River State, several activities have already been undertaken to encourage multi-stakeholder participation. The most notable is the REDD+ University, which was held at the University of Calabar in March 2012. The three-day event brought together government officials, NGOs, forest dependent communities and technical experts both from Nigeria as well as international experts. The event was organized by the joint Nigeria REDD+ team, as a short course on the basics of REDD+, looking at its wide scope as well as its development dimensions, with technical and financial support from the UN-REDD Programme, and with the leadership of Cross River State's Forestry Commission and the hospitality of the University of Calabar. The objectives of the event were to: (i) enhance understanding on the REDD+ mechanism among Nigeria's stakeholders; (ii) to facilitate stakeholder engagement and dialogue around forest conservation and REDD+, with emphasis on Cross River State as the demonstration state for REDD+ in Nigeria; and (iii) to stimulate preparatory discussions and arrangements for the implementation of the Nigeria REDD+ Readiness Programme, including options for expanding the scope of REDD+ to other States.

77. Various participatory platforms for REDD+ were established, including the National Stakeholder Platform for REDD+. The CRS stakeholder forum has successfully been created at the CRS level – this state-level stakeholder platform is a key to ensure broader representation of women, youth, forest-dependent communities and other identified marginal or vulnerable groups. The platform has served and will continue serving to ensure the knowledge and perspective of all non-governmental participants and stakeholders are adequately reflected in the program's approach and strategies. Members of the platform are invited to contribute to program planning and to program activities, notable to comment on draft ToRs, planned activities, and outputs. Similar platforms are envisaged to be created in the two new states of Nasarawa and Ondo with FCPF grant support.

78. The *National Stakeholder Platform for REDD+* ensures representation of women, youth, ethnic minorities, forest-dependent communities including the ones in CRS and other identified marginal or vulnerable groups. The platform has been inaugurated and has met once after the inaugural meeting of the National REDD+ Steering Committee. In the future it will meet at least

twice per year to discuss program progress, outputs and challenges. Members to the platform are selected on their records and their past engagement and activity. Membership is open to any NGO or organization that has shown some commitment to REDD+ or to related issues. Groups that intend to become members write an official letter to the Department of Forestry. The organization will then be examined regarding its official registration and its track record, and can eventually attend the meetings.

ii. Proposal Going Forward

79. Forest communities are critical stakeholders for crafting a REDD+ regime in the states and in the country. Without their active engagement, a successful REDD+ scheme will not be possible. A key issue to be considered for ethnic minorities and other forest dwellers is that of livelihoods. Thus clarifying and ensuring their rights to land and carbon assets, including community (collective) rights, in conjunction with the broader array of ethnic minorities' rights as defined in applicable international obligations, and introducing better access to and control over the resources will be critical priorities for REDD+ formulation and implementation. Particular attention will be given to gender. During the process of mapping stakeholders key gender concerns will be identified, especially potential gender-based risks and/or unequal benefits that can hamper the welfare of different social groups, especially women and youth, children and people with disabilities. Furthermore, targeted opportunities should be identified that can help reduce gender-based disparities in access to and benefits from REDD+ interventions.

80. Consultations began prior to the design phase of the project/program, and will be applied at every stage of the REDD+ process including planning, implementation, monitoring and reporting.

81. A Consultation and Participation Plan (Framework for Stakeholder Engagement) was developed under the UN-REDD Programme support. Also under the UN REDD supported program, the government organized a national level multi-stakeholder workshop to validate both the activities proposed and the consultation and participation plan.

82. In order to provide a robust national consultation and participation mechanism for REDD+, Nigeria has to build upon the existing mechanisms and expand them as progress is made in Cross River State and interest is generated from additional states. The plan for consultation, participation, and outreach will be further implemented as the country continues to implement activities under its readiness plan. Implementation of the plan is expected to lead to establishment of an enduring institutional structure that will ensure meaningful participation in decision-making concerning REDD+ strategies and activities beyond the Readiness Phase.

83. The specific objectives of the consultation and participation process for REDD+ preparation and implementation in Nigeria are:

- To raise awareness and increase general understanding of REDD+ and its contribution to forest protection and livelihood improvement, and climate change mitigation more generally;

- To ensure all key relevant stakeholders involved in the formulation and implementation of the REDD+ activities are provided with correct and up-to-date information on REDD+. This means: (i) timely information dissemination at all levels and in a culturally appropriate manner; (ii) ample time to provide comments; and (iii) issues raised will be taken into account, or it will be explained why certain comments haven't been used;
- To ensure all relevant stakeholders have the ability to be consulted on REDD+ activities which may affect them;
- To ensure that vulnerable groups (especially local peoples, women & youth groups, etc.) affected by the REDD+ implementation receive particular attention;
- To ensure that interventions are gender sensitive; women play a unique role in natural resource management in many countries including Nigeria that is relevant to REDD+ Readiness; and
- To contribute to minimizing potential adverse effects and enhancing positive effects of the REDD+ implementation by involving relevant stakeholders in the SESA procedure and having appropriate grievance mechanisms in place.

D.4. Safeguards Policies Triggered

Safeguard Policies	Triggered	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>In line with the nature of the REDD+ Readiness preparation activities, the Government of Nigeria will prepare a Strategic Environmental and Social Assessment (SESA) to be carried out under the project. The SESA will serve to identify, avoid, mitigate and compensate the potential negative environmental and social impacts associated with future activities to be supported by the final REDD+ strategy by providing guidance and key elements for the preparation of a national Environmental and Social Management Framework (ESMF). The SESA will also influence the final national REDD+ strategy, by ensuring that social and environmental risks are factored into the preparation of the REDD+ Strategy.</p> <p>An ESMF for the CRS will also be prepared, alongside the CRS REDD+ Strategy.</p> <p>The future investments and carbon finance transactions will require specific environmental and social assessments (ESAs) but these will benefit from the strategy context created by the SESA and the ESMFs. The ESMFs will include standing methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing, and monitoring specific ESAs to prevent adverse impacts, as well as cumulative impacts.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The application of this policy seeks to ensure that all options proposed in the National REDD + Strategy and the state REDD+ strategies take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society.</p> <p>Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective</p>

		strategy to reduce loss of natural forests. The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the national ESMF; issues specific to the CRS will also be covered in the CRS ESMF.
Forests OP/BP 4.36	Yes	Overall, REDD+ activities are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the national ESMF. Potential impacts of the CRS REDD+ Strategy will be included in the CRS ESMF. The SESA and associated ESMFs will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to the establishment of plantations.
Pest Management OP 4.09	TBD	This policy could be triggered depending on the final scope of the National REDD+ Strategy and state level REDD+ Strategies. Agricultural intensification and reforestation activities, among others, are REDD+ activities which could require pest management in the course of project implementation. The SESA will address critical issues related to pest management, as necessary; these will be, as needed, also included in the key elements of the ESMFs, as well as in a specific plan related to pests and pest management.
Physical Cultural Resources OP/BP 4.11	Yes	REDD+ activities are likely to be implemented in areas containing sites deemed physical cultural resources by rural communities living there (e.g. holy/secret sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the project will have negative impacts on any such sites, the SESA will address issues related to physical cultural resources and potential impacts of the National REDD+ Strategy, which will later be included in the national ESMF. Similarly, the CRS ESMF will address issues related to the CRS REDD+ Strategy.
Indigenous Peoples OP/BP 4.10	No	This policy will not be triggered. The country has different ethnic groups, whose linguistic and cultural identities and interrelationships are diverse and complex, but none are Indigenous Peoples. The SESA will, however, take into account the interests of all relevant stakeholders, in particular, vulnerable populations, consult with them adequately, ensure that they participate in, and benefit from REDD+ activities.
Involuntary Resettlement OP/BP 4.12	Yes	REDD+ activities will trigger the Involuntary Resettlement OP given that, in the future, restrictions of access to legally designated parks, protected areas, or forest management / reforestation areas may be introduced. The policy aims to avoid resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or involuntary resettlement will be identified, and a national-level Resettlement Policy Framework (RPF) will be prepared. With regard to restrictions of access to protected areas, parks, forest concessions, etc., a Process Framework will be prepared as well.

Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

Annex I. Systematic Operations Risk-Rating Tool (SORT)

Risk category	Rating
1. Political and Governance	H
2. Macroeconomic	M
3. Sector Strategies and Policies	H
4. Technical Design of Project or Program	M
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	H
7. Environment and Social	S
8. Stakeholders	S
9. Other (Donor Coordination)	S
OVERALL	S

1. The key risks and associated mitigation measures related to the proposed operation, as assessed by the project team, are:

2. **Political and Governance.** The forestry sector in Nigeria, as in many countries, struggles with transparency and good governance, which may undermine achievements. There is a risk that changes in policies, practices and benefit sharing approaches will result in unequal gains among current power holders and stakeholders. Macro-economic shocks due to the rapidly falling price of oil, the key contributor to Nigeria's GDP, may encourage expansion of agricultural lands, including through forest clearing.

3. *Mitigation measures:* The need to maintain focus and coordination is addressed through high level political commitments, confirmed by the Bank during preparation of FCPF grant agreements, and by providing resources for coordination and governance bodies, with appropriate representation. The issues of transparency, governance, and vested interests are addressed by providing resources for dialogue platforms, policy studies, and stakeholder engagement processes, including third party monitoring.

4. **Macroeconomic.** Nigeria is experiencing the impact of the decline in global oil prices since the middle of 2014, due to its dependence on oil for fiscal revenues and external reserves. There has already been a significant decline in revenues available for federal and state level budgets and the outlook is not positive. According to the projections, there will be a rebound in prices; however, they will still settle at a relatively lower average in the medium term. However, in spite of the expected negative impact of lower oil prices on the budget, the risk to the proposed operation is expected to be minimal since the grant amount is very small and there is no

requirement of counterpart funding. At the same time, there is a moderate risk of this macroeconomic shock encouraging diversification of economic activities, such as expansion of agricultural lands, including through forest clearing.

5. **Sector Strategies and Policies:** R-PP recognizes national forest policy, environment policy, Forest law under enactment and the Land Act. There are supportive legal frameworks at the provincial level. Hence it seems there is adequate policy framework for the FCPF operation to move forward. However, R-PP also identifies number of thematic areas deemed integral to addressing drivers of deforestation wherein need for government policy, legislative and institutional reform; forest and land use zoning and planning; and forest tenure security for local communities are key. The sectoral context highlights key gaps in forest sector relevant strategies and legal framework.

6. *Mitigation measures:* The R-PP formulation phase, and implementation in CRS has helped organization of national vision for REDD+ and start building the mechanisms for managing the REDD+ readiness phase through this grant. As part of analytical work for REDD+ Strategy the review of related legislation will be undertaken, including on the land tenure. The REDD+ Strategies will identify any required policy reform.

7. **Institutional Capacity for Implementation and Sustainability.** While capacity at the federal level for implementing REDD+ Readiness activities is adequate, capacity of the state level institutions may require strengthening. Also, capacity for handling social safeguards will require strengthening at all levels. In addition, achieving REDD+ readiness will take more resources than the current FCPF grant. Hence, there is a risk that REDD+ Readiness will not be achieved if the country is not able to leverage additional resources to complete the process. Finally, while the National Focal Point for REDD+ is well-anchored within the existing Government structures, operating costs of the REDD+ management structures will be mostly funded by the FCPF grant.

8. *Mitigation measures* include: (i) capacity building activities targeting REDD+ management structures at both national and sub-national level; (ii) the FCPF will finance priority activities to allow the REDD+ readiness process move forward and give time for the country to leverage additional resources; (iii) the REDD+ National Focal Point will lobby for inclusion of additional funding for REDD+ in the federal budget; and (iv) the FCPF PC allowed countries to request additional US\$5 million in grant resources should they demonstrate substantial progress in REDD+ Readiness once 50 per cent of grant resources are spent – this could certainly be an additional source of funds for REDD+ Readiness in Nigeria that will help ensure continuity of the REDD+ process.

9. **Fiduciary:** The financial management risk is assessed as moderate; however, the procurement risk is assessed as High. The key risk identified is that personnel of the Department of Forestry that will be responsible for the management of the grant lack the required experience in World Bank procurement guidelines and procedures. This circumstance could cause misprocurement and/or challenges in the interpretation of Bank procedures, leading to slowness in taking procurement decisions, reputational risks to the Bank and the project, and delays towards attaining the project development objective.

10. *Mitigation measures:* Fiduciary risks are being internalized by the project through its fiduciary oversight and strong multi-sector implementation arrangements that seek to coordinate the many MDAs and stakeholders involved in REDD+ in Nigeria. In particular, the REDD+ Readiness Support activities will use prior review until such a time that the Implementing Agency exhibits sufficient capacity for post review.

11. The following actions during implementation will help mitigate the risk vis-à-vis procurement: The agency will have a dedicated procurement officer from the Procurement Unit of the FME which will be supported by a qualified procurement consultant that will be selected competitively by the agency; and both will be responsible in carrying out procurement activities. To mitigate against procurement risk and avoid mis-procurement, the “Procurement of goods and consultants’ services will be carried out in accordance with the “Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 and updated January 2011, and the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits” published by the Bank in January 2011 and the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers,” dated January 2011.

12. To mitigate the FM risks, a professionally qualified and experienced accountant will be designated for the project. In addition the robust Financial Procedures Manual in existence in the Federal Project Financial Management Division (FPFMD) will be applied for the project as well; computerized accounting system will be deployed; robust internal control arrangement anchored within the Internal Audit unit of the FPFMD applying risk-based internal audit approach will be adopted. In particular for trainings, workshops and related activities that are prone to fiduciary risks, the specific additional steps will be taken to mitigate the risks: (i) all training/workshop activities will be subject to prior review by the Bank; (ii) these will be part of the approved annual work plan for the year (not ad hoc); and (iii) will be guided by the training plan, including objectives of the training/workshop, names of participants, duration, cost of the training, name of the institutions/resources persons. See also Annex IV for annual work plan preparation arrangements.

13. **Environment and Social:** The FCPF grant will not support site specific REDD+ activities. Therefore, safeguards policies for FCPF activities will apply at a more strategic level than in regular World Bank-financed investment projects. There are adequate legal and institutional frameworks in the country to ensure compliance with World Bank safeguards policies triggered by the REDD+ Readiness activities. While the Government of Nigeria has previous experience in managing the Bank’s safeguards policies under the World Bank supported projects, very few of them have used a SESA and Strategic Environmental Assessment approach. In addition to that, in Nigeria the sub-national approach to SESA poses the risk of lack of consistent approaches to environmental and social issues between provincial and national authorities. In this sense, the linkages between institutional arrangements at the Federal and with the Provincial levels would seem to be crucial in order to ensure their buy-in into the SESA process and its final results as input for their forest management decisions and in the design of future REDD+ investments.

14. *Mitigation measures:* The Bank team has been working together with the REDD Secretariat in designing a SESA work plan sequenced with the development of the REDD+ strategy and integrated within the stakeholder consultation and participation process. The FCPF grant will provide specific support to ensure adequate human resources and increase the national secretariat capacity to manage the SESA and ESMF process. In addition, technical capacity will be augmented by incorporating key personnel in the REDD secretariat. With this technical support and a broad stakeholder engagement, the REDD secretariat should be able to mitigate this risk. Finally, there have been some experiences at the state level on which the SESA process could draw, including the analysis and consultations on the social and environmental impacts on REDD+ conducted in CRS using the UN-REDD social and environmental standards for REDD+. Particularly, some of the recent consultations carried out during selection of additional states for REDD+ might provide very useful lessons to identify, prioritize and manage environmental risks, including balancing the interests of multiple stakeholders and managing any conflicts within the framework of the SESA process.

15. **Stakeholders.** REDD+ is a mechanism still under discussion internationally; it attracts much attention from various groups of stakeholders. While there is support for the establishment of an international REDD+ mechanism that would reward developing countries with tropical and sub-tropical forests for reducing emissions from deforestation and forest degradation, concerns are raised over how the REDD+ mechanism would work at the country level. Mechanisms to ensure communities are positively included in REDD+ may need to be strengthened. Also, stakeholder expectations for potential REDD+ benefits may be unrealistically high, although stakeholders in the CRS appear very much on board with the REDD+ process and keen on preservation of their pristine forests.

16. *Mitigation measures* include (i) conducting a SESA that would identify social (and environmental) risks arising from the National REDD+ Strategy; (ii) identification, through a consultative process, of mechanisms to ensure transparent benefit sharing, including with the affected communities; (iii) implementing activities specifically targeting enhanced understanding of REDD+ and stakeholder benefits, roles, and responsibilities through communication and outreach; and (iii) enhancing structures for stakeholder participation.

17. **Other - Donor coordination:** the main donor supporting the Nigeria REDD+ Readiness process besides the FCPF is the UN-REDD (FAO/UNDP/UNEP) Programme. As the R-PP presents an integrated plan for supporting REDD+ Readiness, many of the activities financed by the two initiatives are closely linked, which poses a challenge to applying a strict ring-fencing approach. In particular, the SESA process financed by the WB is both programmatically and sequentially linked to the stakeholder consultation plan as well as the analytical work supported mainly by the UN-REDD program in CRS. This requires a strong leadership on behalf of the National REDD+ Secretariat to promote a coherent and integrated approach to the implementation of the R-PP that will be in line with the operational policies of all the Delivery Partners involved. Further clarity on UN-REDD Programme will be required so activities supported by two initiatives are not duplicated, provide timely interventions, and do not result in inefficiencies overall.

18. *Mitigation measure:* the World Bank team has started discussion with REDD+ national focal point and the UN-REDD agencies (UNDP and FAO) to identify the critical areas for coordination and collaboration in order to ensure a coherent and synergistic approach in supporting

REDD+ readiness process. The FME, in particular the Forestry Department, is the Implementing Agency for the FCPF Grant and it coordinates the UN-REDD Programme in Nigeria. Furthermore, the World Bank, the UN-REDD Programme agencies and the FME discussed having joint missions during implementation, to enhance synergies between the two programs. Steering / coordination of the two programs will be done by the same steering committee, the Programme Steering Committee.

Annex II. Results Framework

Nigeria: REDD+ Readiness Preparation Support

Project Development Objective (PDO): to support Nigeria design a socially and environmentally sound strategy to reduce emissions from deforestation and forest degradation										
PDO Level Results Indicators	Core	Unit of Measure	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3				
Indicator One: REDD+ Readiness arrangements fully functional		Yes/No	No	No	Yes	Yes	Annual	Review of REDD+ readiness arrangements	National REDD+ Secretariat	Indicates an outcome of institutional strengthening activities supported by FCPF Grant ; full functionality will be defined according to definitions in Section B under “National REDD+ management”, para 16
- including at the national level		Yes/No	No	No	Yes	Yes				
- including at the sub-national level in three pilot states		Yes/No	No	No	Yes	Yes				In CRS, Ondo and Nasarawa states
Indicator Two: A National REDD+ Strategy prepared and validated through a consultative process		Yes/No	No	No	No	Yes	Annual	Availability of the National REDD+ Strategy document, and reports on related consultations and SESA process	National REDD+ Secretariat	Indicates an outcome of the National REDD+ Strategy development process, including related consultations
Indicator Three: A National ESMF prepared and validated through a national SESA process		Yes/No	No	No	No	Yes	Annual	Availability of the SESA and ESMF reports	National REDD+ Secretariat	Indicates an outcome of the national SESA process, resulting in an ESMF
Indicator Four: A national Reference Emission Level established		Yes/No	No	No	No	Yes	Annual	Review of REDD+ M&E system	National REDD+ Secretariat	Review of M&E system includes assessment of data quality (esp. timeliness, reliability, validity, precision, relevance)

Indicator Five: Direct Project Beneficiaries	<input checked="" type="checkbox"/>	Number	0	30	150	250	Annual	Activity reports of capacity building activities	National REDD+ Secretariat	Direct beneficiaries are people or groups who directly derive benefits from an intervention (direct beneficiaries of the capacity building activities)
- female beneficiaries		Percentage	0	40	40	40				
INTERMEDIATE RESULTS										
Intermediate Result (Component One): Strengthen National and State Level Readiness Management Arrangements										
<i>Intermediate Result indicator One:</i> Government institutions provided with capacity building support to improve management of forests	<input checked="" type="checkbox"/>	Number	0	4	4	4	Annual	Activity reports	National REDD+ Secretariat	The Government institutions targeted include the National REDD+ Secretariat and REDD+ Units in CRS, Ondo and Nasarawa states
<i>Intermediate Result Indicator Two:</i> State-level REDD+ Management structures established and functioning in Ondo and Nasarawa states		Yes/No	No	Yes	Yes	Yes	Annual	Minutes of state-level Committees meetings, evidence of regular functioning of REDD+ Units	National REDD+ Secretariat	Indicates an outcome of activities on establishment of REDD+ management structures in Ondo and Nasarawa states, which will begin simultaneously, at the start of grant funded activities
Intermediate Result (Component Two): Develop REDD+ Strategies and Conduct SESA										
<i>Intermediate Result indicator Three:</i> Key studies conducted on deforestation and forest degradation		Number	0	0	3	3	Annual	Review of studies conducted on deforestation and forest degradation	National REDD+ Secretariat	Studies on deforestation and degradation at National and State level in two new states
<i>Intermediate Result indicator Four:</i> Reforms in forest policy, legislation or other regulations supported	<input checked="" type="checkbox"/>	Yes/No	No	No	Yes	Yes	Annual	Review of support to forest policies	National REDD+ Secretariat	Support to review of forest acts at National and State level in two new states
<i>Intermediate Result indicator Five:</i> SESA mechanism established		Yes/No	No	No	Yes	Yes	Annual	Availability of SESA report	National REDD+ Secretariat	SESA report will describe the SESA process undertaken including

										establishment of the SESA mechanism
Intermediate Result (Component Threer): Develop Reference Emissions Level and Monitoring, Reporting, and Verification										
<i>Intermediate Result indicator Six:</i> A forest base map prepared		Yes/No	No	No	Yes	Yes	Annual	Availability of the map	National REDD+ Secretariat	Indicates one of the intermediate outcomes of the REL work
Intermediate Result (Component Five): Enhance Stakeholder Engagement, Communication, Consultation and Feedback for REDD+ Readiness Process										
<i>Intermediate Result indicator Seven:</i> Feedback and grievance redress mechanism established for REDD+		Yes/No	No	No	No	Yes	Annual	Availability of FGRM determined to be appropriate for REDD+	National REDD+ Secretariat	This will build on existing systems as much as possible

Annex III. Preparation Schedule and Resources

Preparation Schedule			
Milestone	Basic	Forecast	Actual
AIS Release			November 26, 2014
Concept Review		February 2, 2015	
Readiness Preparation GFR approved		February 10, 2015	
Readiness Preparation Grant signed		February 13, 2015	
Sector Unit Estimate of Resources Required from Preparation through Approval			
Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)	
		Fixed	Variable
Bank Budget			
Trust Funds			

Team

Bank Staff

Name	Role	Title	Specialization	Unit
Amos Abu	Team Leader (ADM Responsible)	Senior Environmental Specialist	Task Team Leader	GENDR
Adebayo Adeniyi	Procurement Specialist	Senior Procurement Specialist	Sr. Procurement Specialist	GGODR
Akinrinmola Oyenuga Akinyele	Financial Management Specialist	Sr Financial Management Specialist	Sr. FM Specialist	GGODR
Adetunji A. Oredipe	Team Member	Senior Agriculture Economist	Sr. Agriculture Economist	GFADR
Chimaobi Maureen Nwachukwu	Team Member	Consultant	Operations Analyst	GENDR
Erik Reed	Team Member	E T Consultant	Environmental Specialist	GENDR

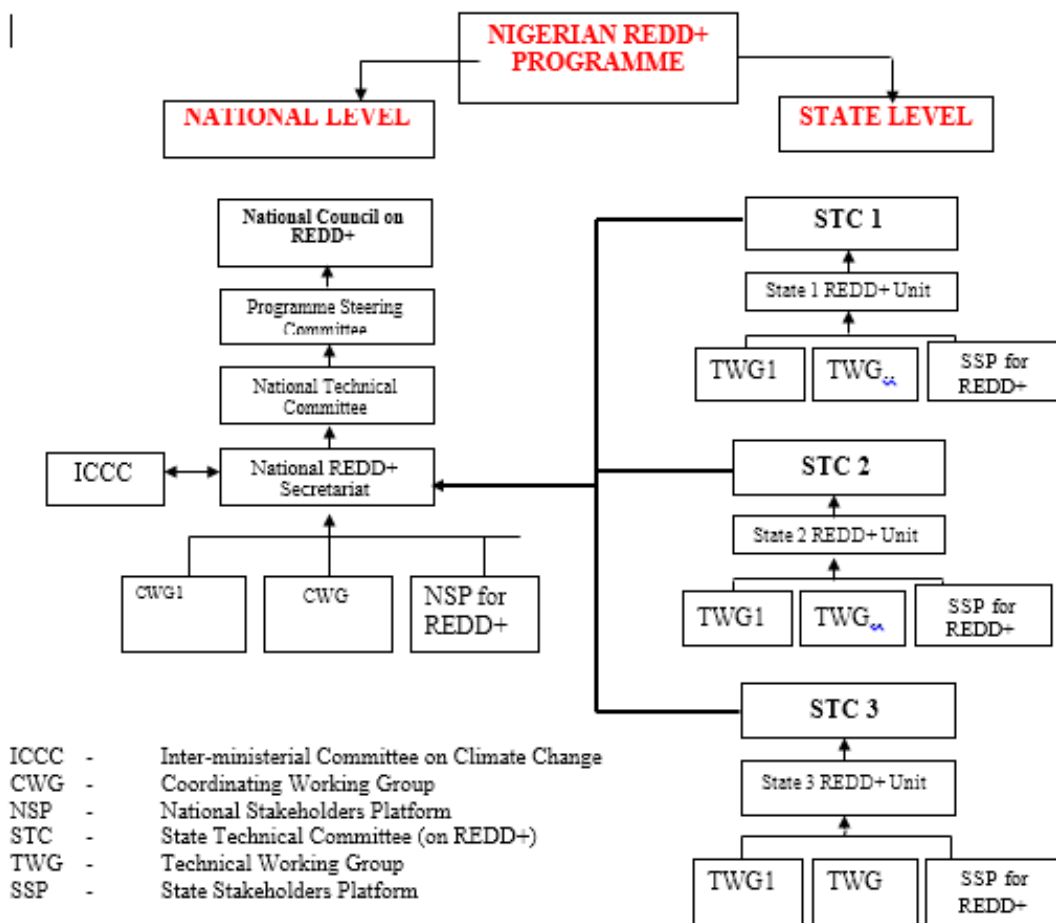
Eucharia Nonye Osakwe	Team Member	Consultant	FM Specialist	GGODR
Eugene Otaigbe Itua	Safeguards Specialist	Consultant	Environmental Safeguards Specialist	GENDR
Haddy Jatou Sey	Safeguards Specialist	Senior Social Development Specialist	Sr. Social Development Specialist	GCCGT
Iretomiwa Olatunji	Team Member	Operations Officer	Operations Officer	GENDR
Joseph Ese Akpokodje	Safeguards Specialist	Senior Environmental Institutions Specialist	Sr. Environmental Safeguards Specialist	GENDR
Kate Lillian Cecys	Team Member	E T Consultant	Carbon Finance Specialist	GCCGT
Lesya Verheijen	Team Member	Consultant	Operations Officer	GENDR
Luis M. Schwarz	Team Member	Senior Finance Officer	Sr. Finance Officer	WFALA
Marie Roger Augustin	Team Member	Legal Analyst	Legal Analyst	LEGAM
Neeta Hooda	Team Member	Senior Carbon Finance Specialist	Sr. Carbon Finance Specialist	GCCGT
Ngozi Ijeoma Udolisa	Team Member	Operations Analyst	Operations Analyst	GGODR
Oyewole Oluyemi Afuye	Team Member	Procurement Specialist	Procurement Specialist	GGODR
Sachiko Morita	Team Member	Senior Counsel	Sr. Counsel	LEGEN
Ugonne Margaret Eze	Team Member	Team Assistant	Team Assistant	AFCW2

Annex IV: Implementation Arrangements and Detailed Component Description

1. The Federal Government of Nigeria has demonstrated its commitment to REDD+ through its participation in international negotiations, by convening technical and policy forums and through the establishment of a number of federal institutions: including the National Council on REDD+, the National Technical Subcommittee on REDD+, the National REDD+ Secretariat, and the UN-REDD Nigeria Programme Steering Committee. In addition, Cross River State (CRS), which is the pioneer and demonstration state for most REDD+ activities in Nigeria, has established its own REDD+ structures, mostly around its Forestry Commission and a Stakeholder Forum on REDD+.

2. The federal government with CRS, Nasarawa and Ondo seek international support to help build the local capacity to consolidate and operationalize such institutional arrangements. The overall management arrangements for REDD+ in Nigeria are set out in *Figure 2* below.

Figure 2: Chart of Nigeria's REDD+ readiness arrangements



REDD+ Management Arrangements

3. Under the leadership of the Vice President, the *National Council on REDD+* is the apex government body for the Nigeria REDD+ process. This high level body, chaired by the Vice President, will be comprised of the following representatives: the Governor of Cross River State (co-Chairperson), and Governors of other participating states, Ministers of Environment, Agriculture and Rural Development, Water Resources, Science and Technology, National Planning Commission and other relevant Agencies. The National Council will: (i) guide, monitor and review progress on the national REDD+ process; (ii) ensure federal coordination across Ministries and with the states on REDD+ matters; (iii) oversee, and consider recommendations by the Programme Steering Committee; (iv) oversee the design and implementation of national REDD+ programmes and endeavours, such as the FCPF grant and the UN-REDD Nigeria programme and (v) review and approve REDD+ plan of operations, annual work plans, annual budgets, monitoring & evaluation process and implementation.

4. The *Programme Steering Committee* operates under the leadership of the National Council on REDD+. Its responsibilities include: (i) preparing project management plans, budgets and annual disbursement forecasts, (ii) determining the strategic direction of the programme and ensure its progress; (iii) approving recommendations brought by the National Technical Committee on project evaluation and proffer solutions brought to its attention, (iv) effecting any corrective action required during the course of programme implementation for better realisation of outputs and achievement of objectives, (v) reviewing progress reports from both National and States' institutions, (vi) coordinating with other existing or future projects and programmes to ensure synergies are realized and duplication avoided; (vii) approving technical reports and financial audits.

5. The Programme Steering Committee chaired by the Minister of Environment has membership of relevant ministries, Chairs of State Technical Committees, Environment NGOs/CBOs and development partners including but not limited to UNDP, FAO and the World Bank where the World Bank and the UN-REDD Programme agencies serve as observers.

6. The *National Technical Committee* will strengthen the knowledge and expertise available for project implementation, operational monitoring and dissemination of programme achievements to various stakeholders and concerned communities. Its responsibilities will include: (i) advising the Programme Steering Committee on technical issues; (ii) making recommendations to the Programme Steering Committee on the basis of monitoring reports; (iii) reviewing and following up National reports; (iv) supporting the National Secretariat on operational and programming matters; (v) raising awareness among the wider stakeholders.

7. The *National Secretariat* will have the responsibility for the day-to-day management and the execution of the entire programme at the administrative, technical and financial levels. It will be the Secretariat for the National Council, Programme Steering Committee and National Technical Committee. It will be replicated at the state levels. Its responsibilities include the following:

- Drafting the programme management and annual work plans;
- Coordination and oversight of all administrative, financial and technical activities;

- Selection and recruitment of contractual staff in consultation with the National/State Technical Committees;
- Organising logistics and programmes for consultants' missions;
- Commissioning additional studies/analysis to enhance knowledge and programme performance as may be recommended by the National/State Technical Committees;
- Recommending to the higher organs of the programme institutions activities to be supported by the programme;
- Validating the quantitative and qualitative performance indicators and tools for M&E;
- Maintaining continuous contacts with all stakeholders including local communities, government institutions and development partners;
- Working closely with the Inter-ministerial Committee on Climate Change (IMCCC) to ensure synergy of RPP activities with climate change initiatives at all levels;
- Producing required financial and technical reports;
- Prepare the meetings of the National Technical Committees (NTC), Programme Steering Committee, and the National Council.

8. The National Secretariat comprises of the National REDD+ Coordinator, Programme Officer, Finance and Admin Officer, Monitoring and Evaluation Officer, Secretary, and other assistants. Similar positions are required at State level.

9. Ad-hoc *Working Groups* will be established at National and State levels to provide technical back stopping to the programme implementation.

10. The *National Stakeholder Platform for REDD+* ensures representation of women, youth, ethnic minorities, forest-dependent communities including the ones in CRS and other identified marginal or vulnerable groups. The platform has been inaugurated and has met once after the inaugural meeting of the National REDD+ Steering Committee. In the future it will meet at least twice per year to discuss programme progress, outputs and challenges. Members to the platform are selected on their records and their past engagement and activity. Membership is open to any NGO or organization that has shown some commitment to REDD+ or to related issues. Groups that intend to become members write an official letter to the Department of Forestry. The organization will then be examined regarding its official registration and its track record, and can eventually attend the meetings.

11. Based on the experience of the CRS stakeholder consultation platform this platform is supposed to replicate the CRS model at the national level. The platform will serve to ensure the knowledge and perspective of all non-governmental participants and stakeholders are adequately reflected in the programme's approach and strategies. A grievance mechanism linked to this platform will be designed as part of the evolving national REDD+ arrangements. This would be important to ensure any concerns of marginal or vulnerable groups are adequately represented and respected.

State Level REDD+ Management Arrangements

12. The management arrangements at the federal level are mirrored by arrangements at the sub national, i.e. State level. The left hand side of *Figure 2* shows the agreed structure in the State of

Cross River. Cross River State (CRS) will be the model for state-level structures. Under these arrangements, government representatives from the three target states will be represented on the National REDD+ Council while the National REDD+ Coordinator will be an observer to the State Technical Committees.

Cross River State

13. At the state level, government oversight is provided by the CRS Forest Commission. All REDD+ activities in the state will be administered and organised through the ***Cross River State REDD+ Unit***, which is located within the Forestry Commission. This performs similar duties to the Federal REDD+ Secretariat, responsible for the day-to-day management of REDD+ activities in the state. As the ‘pilot’ REDD+ state in Nigeria it is also expected to host major international REDD+ events (e.g. Katoomba Group, or Governors Climate and Forest Task Force) and to support other states to learn about REDD+, in order to help them introduce REDD+ policies and actions in their own territories.

14. The CRS REDD+ Unit is operational. The Chairman has been recruited, as well as the national Programme Manager, the Stakeholder Engagement Specialist and the Administrative Financial Assistant. Further staff will be employed (coordination officer, cartography GIS specialist, multiple benefits officer).

15. A ***CRS Technical REDD+ Committee*** has already been created and is composed of the following members: the Forestry Commission, the Ministry of Environment, the Ministry of Agriculture, the Ministry of Lands, the Ministry of Works, the Tourism Bureau, the GIS Unit of the Department of Geography and Regional Planning (University of Calabar), the Department of Forestry and Wildlife (University of Calabar), the Faculty of Environmental Sciences (Cross River State University of Science and Technology), the State Planning Commission, the Department for Donor Support, the Cross River State National Park, at least three NGO Representatives, four Community Representatives and the Chairperson of the CRS House of Assembly’s Committee on Environment. Some key thematic areas identified which need to be discussed through the Technical Advisory Group, include: MRV, RELs, biodiversity, Safeguards, Participatory Forest Monitoring.

16. At the CRS state level it is important that there is a clear linkage to the *Climate Change Council*. This is an important body, composed of the Governor (who serves as Chairman), five Commissioners (Justice, Finance, Agriculture, Environment, and Lands), four state agencies (Forestry, Biodiversity and Conservation; State Planning Commission; Department for International Donor Support; Tourism Bureau) and the Chairman of the Forestry Commission (who serves as Coordinator). The Council will ensure there is co-ordination across different sectors. This inter-ministerial body is the most important at the state level.

17. The ***Cross River State Stakeholder Forum on REDD+*** was created in 2010 at the occasion of the first UN-REDD mission, to ensure the knowledge and perspective of all non-governmental participants and stakeholders are adequately reflected in the programme’s approach and strategies. Members of the Forum include a broad cross-section of stakeholders in CRS, with special attention to representation by women, youth, forest-dependent communities and other identified marginal

or vulnerable groups. Nigeria does not have – as many other tropical countries – single marginalized ethnic groups or indigenous people, because the country is shaped by a very strong ethnic diversity. CRS is characterised by a high level of ethnic diversity in its local communities and at least 20 different languages are spoken. The adequate representation and involvement of different ethnic groups has been and will be ensured. Academics are also represented on the Stakeholder’s Forum and the climate change council. The Platform plans to meet at least twice per year to discuss programme progress, outputs and challenges. Members of the Platform will be invited to contribute to programme planning and to programme activities; notably to comment on draft TORs, planned activities, and outputs. This body was established to ensure the opinion of all relevant stakeholders would be heard. A grievance mechanism to resolve any possible disputes will be linked to the State and National technical committee Stakeholder Platform and the REDD+ Units, and also work with the National Secretariat.

18. **New Pilot States** – Nasarawa and Ondo. Similar stakeholder platforms will be established in the new states of Nasarawa and Ondo, with FCPF support.

IMPLEMENTATION PLANNING AND ANNUAL WORK PLANS

19. The National REDD+ Secretariat will be responsible for preparing annual work plans, with inputs from the states. First work plan will be prepared and submitted to the Bank for approval shortly after grant approval. A proposed Annual Work Plan and Budget will contain all activities proposed to be carried out under the Project in the following year of implementation. Subsequent Annual Work Plans and Budgets will be prepared and submitted to the Bank no later than October 31 of the preceding year.

20. Each such proposed Annual Work Plan and Budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.

21. In addition, every Annual Work Plan and Budget will include a list of all workshops, including their locations, intended purpose, and target audience. All activities requiring international travel will be subject to prior review and no objection by the Bank Task Team Leader. These arrangements are introduced to ensure upstream review of all the needed workshops and trainings.

Component 1. Strengthen National and State Level Readiness Management Arrangements (US\$884,000, all from FCPF)

Context

22. REDD+ Management in Nigeria will take place at the federal and state level, with structures responsible for policy formulation and coordination (National Council on REDD+); technical oversight (National REDD+ Technical Committee and working groups) and implementation (National REDD+ Secretariat). Similar arrangements exist at the state level in CRS and will be established in Ondo and Nasarawa States.

23. The federal level arrangements, as well as state level arrangements, rely heavily on existing government structures for implementation, e.g. State REDD+ Units will be housed in the State Ministries (i.e. Ministry of Natural Resources in Ondo State and Ministry of Environment in Nasarawa State), the National REDD+ Secretariat is housed in the FME, with FCPF grant covering only their incremental operating costs.

24. The objective of this component is to support national and state-level coordination and monitoring of the REDD+ process, including the project management costs. The component has three sub-components: Sub-Component 1.1: National Readiness Management Arrangements; Sub-Component 1.2: State Level Management Arrangements; and Sub-Component 1.3: Monitoring and Reporting for REDD+ Readiness process.

25. Sub-Component 1.1. National Readiness Management Arrangements

This sub-component will fund federal-level readiness management activities such as technical assistance, capacity strengthening, operations of the National REDD+ Secretariat, costs related to meetings of other REDD+ structures; and Nigeria's international engagement on REDD+.

FCPF Support

26. Specifically, the FCPF grant will support consultancies, services, goods, workshops, training, and operating costs for the following activities:

- Operations of the National REDD+ Secretariat²¹, including purchase of one vehicle and ICT equipment, travel costs for the REDD+ Secretariat Staff, namely of a stakeholder engagement specialist and of a Monitoring, Reporting and Verification specialist²²
- Operating costs of the National REDD+ Secretariat, including monitoring and reporting activities and capacity building as required²³.
- Operational costs related to meetings of the National Council on REDD+, National REDD+ Technical Committee, Programme Steering Committee, and Working Groups
- Support to Nigeria's international engagement on REDD+

27. Sub-Component 1.2. State Level Readiness Management Arrangements

This sub-component will fund state-level readiness management activities in the two new states such as technical assistance, capacity strengthening, operations of the State level Steering and Technical Committees and State REDD+ Units and. This support will be limited to the two new states as support to the state-level Readiness Management Arrangements in CRS is provided under the UN-REDD Programme.

FCPF Support

²¹ The grant will not finance salaries of GoN civil servants.

²² It is envisaged that the current Stakeholder Engagement Specialist / consultant and a Monitoring, Reporting and Verification Specialist / consultant working in the CRS will be hired by the National REDD+ Secretariat, with UN-REDD Support but their incremental costs (travel) will be covered by the FCPF Grant.

²³ One of the identified areas for capacity building is knowledge of the World Bank social safeguards policies and their implementation. The SESA process will include capacity building activities for various stakeholders, staff of National REDD+ Secretariat and States' REDD+ Unit as well.

28. Specifically, the FCPF grant will support consultancies, services, goods, workshops, training, and operating costs for the following activities:

- Setting up and operation of State level Steering and Technical Committee (two new states);
- Operations of the State REDD+ Units, over the FCPF grant period, in two new states;
- Recruitment of State level REDD+ Project Managers, full time for a three-year period
- Purchase of ICT equipment.

29. **Sub-Component 1.3 Monitoring and Reporting for REDD+ Readiness Process**

This sub-component will fund monitoring and transparent reporting on the progress made on implementation of REDD+ readiness as well as independent assessment of progress at mid-term and final stages of FCPF grant implementation. The R-Package Assessment Framework will be applied as guidance when preparing the Monitoring and Evaluation (M&E) framework and progress reports, in accordance with the process adopted through Resolution PC/12/2012/2.

FCPF Support

30. Specifically, the FCPF grant will support consultancies, services, and workshops for the following activities:

- Design of the M&E Framework for REDD+ Readiness, including FCPF supported activities
- Preparation of the Mid-Term Report
- Preparation of the Completion Report.

Component 2: Develop REDD+ Strategies and Conduct SESA (US\$1,200,000, all from FCPF)

Context

31. The Nigeria R-PP identifies the underlying pressures causing forest conversion; namely as a result of poor governance, poverty, macro-economic factors and demographics. These result in the removal of forests to satisfy the need for agricultural and wood products, infrastructure, mining activities as well as to provide local energy needs. A REDD+ Strategy needs to be able to respond to and address these underlying pressures. The R-PP describes the proposed strategy options that will serve as a basis for the development of the state REDD+ Strategies. Additional analysis will be required to advance understanding of deforestation and forest degradation at the national level. Formulation of the National REDD+ Strategy will be informed by this analysis.

32. Credible and transparent institutional, economic, legal and governance arrangements are necessary to enable Nigeria to implement REDD+ and to meet potential country obligations under any future REDD+ regime. Most pressing is putting in place the necessary legal framework that will allow REDD+ to successfully function in Nigeria – this is being done under the UN-REDD Programme support by means of promulgating of a Presidential Order on REDD+, ensuring a legal endorsement of REDD+ and its management structures. Further legal review will be required at the national level and in the two new states.

33. A key issue is the issue of benefit sharing arrangements for REDD+. Benefit sharing arrangements will have to recognize the respective roles and efforts in REDD+ of the different stakeholders. Nigeria already has some experiences with community-based forestry and will build on these experiences to inform the potential REDD+ benefit sharing arrangements.

34. The objective of this component is to carry out analytical work feeding into formulation of a National REDD+ Strategy and State REDD+ Strategies (including on benefit sharing) in two new pilot states and CRS, develop the strategies themselves, to undertake the SESA that will assess the potential environmental and social risks and impacts, both positive and negative, of the proposed REDD+ strategy and produce national level safeguards instruments (ESMF, RPF, and PF), and a state level ESMF for CRS.

35. Activities under this component will build upon the assessments on national REDD+ challenges and potentials under the UN-REDD Programme, namely: assessment of deforestation drivers and challenges to forest governance and potential responses at national level; assessment of national circumstances for REDD+ including situations and roles of women and vulnerable groups; assessment of forest contribution to national sustainable development; and assessment of intra-national displacement risks and measures. The outcomes of the UN-REDD supported Participatory Governance Assessment (PGA) will also inform the REDD+ Strategy work in the following areas: broad and informed participation of REDD+ stakeholder; harmonization of policy and legal framework for REDD+; transparency and accountability of the REDD+ process and finance; and inter-governmental relations and coordination. Preliminary research for the PGA included stakeholder analysis, the private sector (to more meaningfully involve key private sector actors in the PGA process), traditional means of communication, and mapping governance issues relevant for the REDD+ process in CRS and at national level.

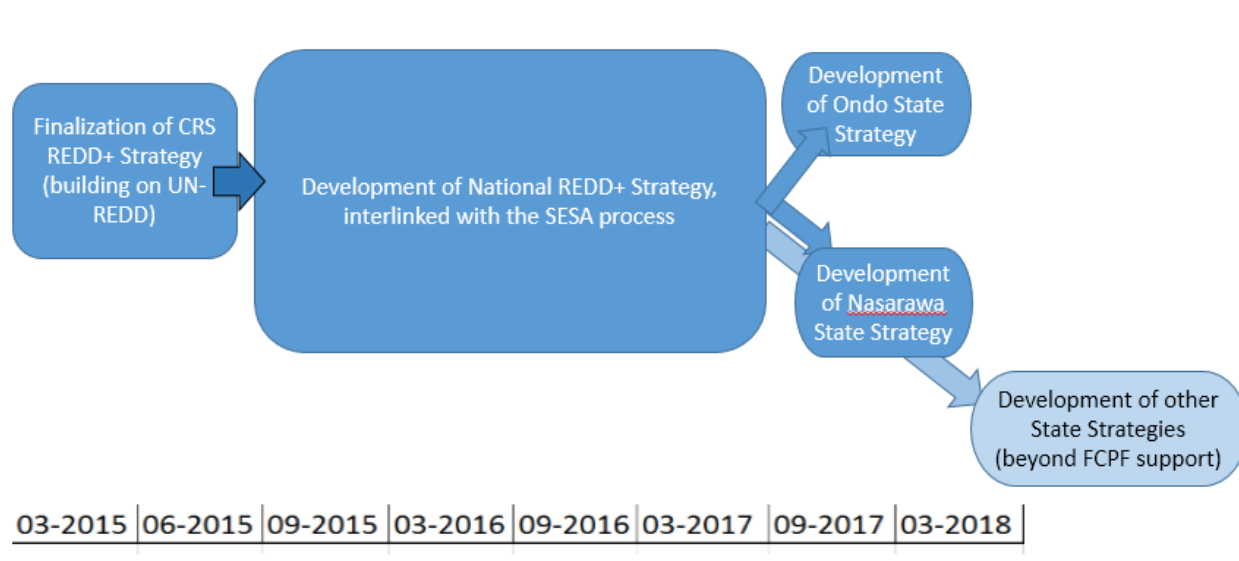
36. Additional building blocks will be obtained from the UN-REDD work on a preliminary national strategy for expanding REDD+ across Nigeria's states and from the CRS REDD+ strategy.

37. The federal government will have a particularly important role to play in terms of ensuring consistency and quality of state-level REDD+ interventions that can be nested within a national system. As noted in the R-PP, CRS was the first state to pilot REDD+ and the intention was to expand the lessons from Cross River State to other interested states in the federation as funding became available. However, at the same time operational clarity and policy direction for sub-national REDD+ programs that meet national and international guidance and reporting requirements is necessary. The scope of the national level strategy would, therefore, would be to provide the framework within which sub national strategies would operate. The lessons from CRS will help to assist formulation of national strategy and this would guide the subsequent development of strategies in the additional two new states - Nasarawa and Ondo. This iterative process is presented in *Figure 3*.

38. The Strategic Environmental and Social Assessment (SESA) needs to be carried out in order to identify social and environmental risks as well as benefits as a result of REDD+ implementation; and providing recommendations for addressing potential adverse social and environmental effects and enhance likely positive effects. It also provides a platform for

consultations with and involvement of stakeholders and partners relevant to REDD+ in order to incorporate their opinions during the REDD+ Readiness activities' preparation and implementation and, as such, it strongly linked to the stakeholders' engagement activities under Component 5. Nigeria is a unique case in the FCPF portfolio in that the commencement of REDD+ was implemented using a bottom up approach in Cross River state under UN-REDD programme. However with the acceptance of Nigeria in the FCPF, the government is fully committed to the development of a national REDD+ strategy. An initial level national study on the drivers and underlying causes of deforestation and forest degradation was conducted. The readiness phase would support deepening those analyses in order to help with the development of a national REDD+ strategy. Hence, the SESA process will be carried out at the National Level with a special emphasis in the new states under readiness, namely Nasarawa and Ondo. The nationwide SESA will result in a production of national ESMF, RPF, and PF.

Figure 3. Iterative Process of the REDD+ Strategy Development in Nigeria



39. Sub-Component 2.1: Improve Analytical Work and Develop REDD+ Strategy at National and State Levels

This sub-Component will support analytical work required for the formulation of National REDD+ Strategy, including with specific focus on Ondo and Nasarawa states; development of the National REDD+ Strategy and development of the CRS, Ondo State and Nasarawa State REDD+ Strategies Major Support to formulation of CRS State REDD+ Strategy is provided under the UN-REDD Programme. The FCPF support to CRS REDD+ Strategy will be limited to finalizing the Strategy. The National REDD+ Strategy will hinge upon the effectiveness and potential of the strategic options detailed in the R-PP. A detailed evaluation and analysis of each strategic option will be prepared, evaluated and prioritized by the REDD+ implementing institutions – this will feed into the finalization of the National REDD+ Strategy. The scope of the national level strategy will provide the framework within which state-level strategies would operate. The lessons from CRS will help to assist formulation of national strategy (first), and this would guide the development of

strategies in Ondo and Nasarawa States (and eventually, beyond the scope of FCPF support, of any additional states identified).

FCPF Support

40. Specifically, the FCPF grant will support consultancies, services, goods, workshops, training, and operating costs for the following activities:

- Deepening analytical work to inform National REDD+ Strategy, including on drivers of deforestation and forest degradation; assessment of forest governance and land tenure; and benefit sharing; including with specific focus on Ondo and Nasarawa States;
- Review / analysis of forest acts at the federal level and in Ondo and Nasarawa states view of REDD+;
- Development of National REDD+ Strategy;
- Drafting the CRS REDD+ Strategy (based on the analysis and consultations already completed with UN-REDD Programme support);
- Development of state-level REDD+ Strategy Options in two new states

Sub-Component 2.2. Develop Strategic Environmental and Social Assessment and Safeguards Instruments

FCPF Support

41. This Sub-Component will support the integration of social and environmental concerns into the REDD+ process at the national level and ensure that negative impacts are avoided or minimized. The SESA will assess the extent to which the REDD+ strategy options address the environmental and social issues associated with Nigeria's customary and present patterns of land use and forest management. Any identified gaps will be addressed throughout this process. In addition, through the national SESA process an ESMF will be developed. The ESMF outlines the procedures for managing potential environmental, social and gender differential impacts resulting from REDD+ implementation including guidance for the preparation of future environmental and social safeguard instruments.

42. In addition to the National ESMF, an ESMF for the CRS, at the state level, will be developed. This is due to the fact that CRS has advanced significantly in REDD+ readiness where the state level REDD+ strategies are known. The UN-REDD program has conducted analytical work on social and environmental impacts of REDD+, it is expected that during the readiness phase, FCPF funding would be used to fill the gap and the help develop an ESMF. The Government of Nigeria would like to prioritize making CRS REDD+ ready for future performance based emission reduction program, as such an ESMF would be required as an important element of REDD+ Readiness.

43. The Resettlement Policy Framework and a Process Framework will be prepared in order to include the application of appropriate measures to avoid or properly compensate for involuntary resettlement and continued access and use of resources.

44. Specifically, the FCPF grant will support consultancies, services, operating costs, and workshops for the following activities:

- A national validation workshop on the SESA TORs and work plan;
- Analytical work on SESA at national level with special emphases on Nasarawa and Ondo (including recruitment of consultant(s) to conduct the SESA; analytical work on the social and environmental implications of different strategy options; analytical work on the institutional arrangements for conducting the SESA; gender analysis as part of SESA process; institutional, legal and policy reviews; Capacity building for SESA implementation; public dissemination of the SESA and consultations on the ESMF (integrated with REDD+ consultations in Component 5);
- Preparation of the national-level ESMF
- Preparation of the national-level RPF;
- Preparation of the national-level PF;
- Preparation of the state-level ESMF for CRS.

Component 3: Develop Reference Emissions Level (US\$900,000, all from FCPF)

Context

45. Reference levels establish the yardstick against which the achievements of national REDD+ policies and interventions are measured. Setting objective and correct reference levels will ensure the emission reductions or removals are real and verifiable. A proposed REL/RL will need to be transparent, consistent, complete and accurate. It will also need to include details on data and assumptions on how national circumstances were taken into account. These proposed RELs/RLs will be subject to a technical assessment under the UNFCCC.

46. In order to develop the reference level a number of steps need to be undertaken:

- (i). Estimation of historic emissions/removals from deforestation, degradation, and enhancement of carbon stocks for the base year and subsequent periods up to present date (depending on available Remote Sensing data). This will be undertaken according to the IPCC guidelines.
- (ii). Development of future trajectories of emissions/removals over different time periods and under different economic and development scenarios. This will take into consideration such factors as GDP, population growth, agricultural expansion, forest industry growth, sectoral development plans, and/or adjustment coefficients otherwise derived from such factors and data.

47. The objective of this component is to develop Nigeria's national REL taking into account the national circumstances and UNFCCC guidance.

FCPF Support

48. Specifically, the FCPF grant will support consultancies, services, goods, operating costs, and workshops for the following activities:

- Application of decision support tool for REL developed by FCPF/ other relevant tools to inform design of REL (will involve making key decisions on inclusion of carbon pools,

scope of REL, (REDD activities), scale, reference period etc.) ensuring consistency between national and subnational approaches;

- National level analysis of existing data sets/meta data/maps available, suitability of existing historical data for use in REL development and identify gaps in existing datasets (building on information in the UN-REDD study on existing data sets);
- Collection of relevant data for REDD-plus REL/RLs Development, support for forest inventory (and sample plots), and development of emission factors for forest cover change;
- Preparation of forest base map, assessment of historical forest cover change (and future trends) over the reference period aligned to agreed approach. Purchase of satellite imagery, hardware and software to prepare the forest cover change maps, and estimated emissions;
- Establishment and support to REL task force, and trainings for staff at national/ sub national institutions leading on REL;
- Validation workshop for REL.

Component 4 Enhance Stakeholder Engagement, Communication, Consultation and Feedback for REDD+ Readiness Process (US\$650,000, all from FCPF)

Context

49. Citizens' involvement is a lynchpin of the REDD+ process – the FCPF support to Nigeria's REDD+ Readiness citizen engagement processes will build upon and complement significant engagement activities initiated with the UN-REDD Programme support. Nigeria has been engaged in stakeholder discussions on REDD+ for almost five years and stakeholder views and concerns, including those of civil society organizations (CSOs), have been carefully documented and integrated in key decisions and outputs of the REDD+ process. For example, stakeholder comments were reflected in the communiqué of the national validation workshop on the draft Nigeria REDD+ Readiness Program held in Abuja on February 21, 2011; selection criteria for new states wanting to participate in REDD+ were discussed and agreed at a stakeholder consultation workshop held in Abuja on July 23-24, 2013.

50. A number of particularly important stakeholder groups have been identified for deeper engagement. These include: civil society organisations and forest dwelling communities; private sector; universities and research institutes; gender organizations; and youth groups.

51. The complexity of REDD+ issues and diversity of stakeholder interests involved in REDD+ Readiness may lead to numerous questions, inquiries, and grievances about the REDD+ strategy or process. A nationally appropriate feedback and grievance redress mechanism (FGRM) which builds upon existing systems and allows complaints to be managed transparently and efficiently needs to be implemented and, if necessary, strengthened. Options for such a mechanism are already being explored with the support of UN-REDD. The national consultation process on the R-PP in July 2013 held discussions on the issue of grievance mechanisms. The respective focus group concluded that grievances should be channelled through Forest management Institutions (Communities) to State department of Forestry depending on the gravity of the grievance. Where grievances arise from land issues, as a result of people who migrated from neighbouring states, disputes could be handled through Village Councils.

52. All activities under this Component will be coordinated by the National REDD+ Secretariat, with involvement of the state REDD+ units as required.

53. The objective of this component is to ensure broad stakeholder engagement in REDD+ process, establish and maintain participatory stakeholder structures at the state-level in two new states, support communication on REDD+, conduct consultations on specific issues related to REDD+ Readiness process, and design and establish a feedback and grievance redress mechanism. The component has four sub-components: Sub-Component 4.1: Participatory structures and stakeholder engagement; Sub-Component 4.2: Communication on REDD+; Sub-Component 4.3. Consultations on REDD+; and Sub-Component 4.4: Feedback and grievance redress mechanism.

54. Sub-Component 4.1. Participatory structures and stakeholder engagement

This sub-component will support strengthening of participatory structures to enhance stakeholder engagement in REDD+ and stakeholder feedback in REDD+ readiness, including through the identified key stakeholder groups and stakeholder platforms, with special focus on civil society organizations (CSOs), forest groups, women, research institutes, and the private sector in the two new states. There will need to be an investment of time and effort to identify and engage with these stakeholders, and to build their capacity, especially at community-level, to participate fully in and draw benefits from REDD+ activities. Stakeholder platforms for REDD+ will be established and maintained in the two new states. This Sub-Component will build upon the extensive stakeholder engagement processes supported by UN-REDD at the federal level and in CRS. The FCPF funded activities will be able to tap into the highly relevant experience with local-level awareness raising and capacity building under the Community-Based Forest Management (CBFM) initiative, which has been operational for over a decade in Cross River State, with promising results. The Consultation and Participation Plan developed under UN-REDD Programme support will guide stakeholder engagement activities.

FCPF Support

55. Specifically, the FCPF grant will support consultancies, services, goods, operating costs, and workshops for the following activities:

- Early consultations in new states
- Stakeholder mapping to define key stakeholder groups for the new states through a scoping study
- Multi-stakeholder consultations and participation (including workshops and participatory consultation activities) in two new states
- Establishment of and support to stakeholder platforms in two new states
- Organization of awareness workshops and outreach activities in two new states
- Support to participation of local government and stakeholders (CSOs, forest groups etc) at relevant meetings
- Community stakeholders capacity building, including civil society organizations representing or supporting ethnic minorities and other forest dependent communities.

56. Sub-Component 4.2. Communication on REDD+

This sub-component will support a national and state-level information campaign on the REDD+ program. In order to move ahead with REDD+ in the new states, it will be necessary to raise the

awareness of all relevant stakeholders from the State to the village community level about the REDD+ process and the different ways in which they can get involved. This Sub-Component will build upon the communication efforts at the federal level and in CRS supported by UN-REDD Programme.

FCPF Support

57. Specifically, the FCPF grant will support consultancies, services, goods, operating costs, and workshops for the following activities:

- National and new state level information campaign (posters, leaflets, website, etc.) to raise awareness and understanding of the REDD+ program

58. **Sub-Component 4.3. Consultations on REDD+**

Inclusive and participatory consultations are at the heart of the REDD+ readiness process. Consultations on similar issues, especially consultations for the REDD+ Strategy Options and the SESA / ESMF will be carried out in tandem, to maximize synergies and use funds and efforts efficiently.

FCPF Support

59. With FCPF support, the Sub-component will fund consultations on key issues addressed under FCPF, including on (i) the drivers and underlying causes of deforestation and degradation; (ii) forest governance and land tenure; (iii) the identification of strategy options; (iv) potential benefit sharing arrangements and mechanisms, and (v) the SESA and ESMF.

60. **Sub-Component 4.4. Feedback and grievance redress mechanism for REDD+**

This sub-component will support the nationally appropriate feedback and grievance redress mechanism (FGRM) for REDD+, through assessment of existing mechanisms and institutions and supporting their strengthening specifically for REDD+, to address all grievances at both the national and state levels.

FCPF Support

61. Specifically, the FCPF grant will support consultancies, services, operating costs, and workshops for the following activities:

- Assessment of existing grievance mechanisms and its capacities including customary methods, to handle REDD+ related complaints and grievances;
- Validate institutions with role in handling feedback and grievance under REDD+;
- Strengthen and support appropriate grievance mechanisms and structures both at national, state, and community levels that can be utilized by REDD+ program stakeholders during implementation.

Annex V: R-PP Submitted by the REDD Country Participant

- ✓ The Readiness Preparation Proposal:
http://forestcarbonpartnership.org/sites/fcp/files/2014/september/Nigeria%20REDD%20R-PP_final%20%205%20Aug%202014.pdf
- ✓ Resolution PC/16/2013/7 adopted by the PC at the 16th meeting held in December 2013 in Geneva, Switzerland, on Nigeria's Readiness Preparation Proposal:
<https://forestcarbonpartnership.org/sites/fcp/files/2013/Dec2013/Final%20Resolution%207%20Nigeria.pdf>
- ✓ Resolution PC/Electronic/2012/1 allocating additional funds up to US\$200,000 to strengthen national feedback and grievance redress mechanisms for REDD Country Participants

http://www.forestcarbonpartnership.org/sites/fcp/files/2013/PC_Resolution_Aproved_02-20-12.pdf

Annex VI. Draft Terms of Reference for Strategic Environmental and Social Assessment (SESA) for Nigeria REDD+ Readiness

I. Introduction

Reducing Emissions from Deforestation and Forest Degradation (REDD+) is a proposed global mechanism to mitigate climate change caused by forest loss or degradation, while mobilizing financial resources for socio-economic development in forest countries. The Forest Carbon Partnership Facility (FCPF), facilitated by the World Bank Group (WBG), brings together about 50 donor and forest country participants with the aim of supporting the forest countries in the preparation and subsequent implementation of their national REDD+ strategies.

Nigeria is a participant country in the FCPF. Due to its currently high levels of deforestation, the country has proposed to focus on REDD+, which include sustainable forest management (SFM), enhancement of forest carbon stocks, and conservation.

Until now, the UN-REDD Program has dedicated significant funding and technical support to Nigeria REDD+ process in Cross River. I work on REDD+ in Nigeria has contributed to the development of the country's Readiness Preparation Proposal (R-PP). The R-PP serves as the framework for REDD+ preparatory activities in the country and will inform the preparation of the country's future REDD+ strategy at national and state levels. The FCPF will contribute to the implementation of the R-PP by supporting a subset of its activities. The proposed FCPF support includes four components: (i) Strengthen National and State Level Readiness Management Arrangements; (ii) Develop REDD+ Strategies and Conduct SESA; (iii) Develop Reference Emissions Level; and (vi) Enhance Stakeholder Engagement, Communication, Consultation, and Feedback for REDD+ Readiness Process.

SESA is essential for both avoiding negative impacts ("do no harm") and enhancing positive or "additional" REDD+ benefits, especially in terms of socio-economic, cultural, and livelihood development benefits, governance enhancements, and wider environmental or biodiversity benefits. The SESA is an integral part of the FCPF's approach to the Readiness phase of REDD+, which covers the implementation of the R-PP and subsequent Readiness preparation.

The Nigeria Forestry Department will be the implementing agency for the Readiness activities outlined in the R-PP and will host the Nigeria National REDD+ Secretariat headed by the Nigeria REDD+ Coordinator. Sitting above the National REDD+ Secretariat is the REDD+ Technical Committee, made up of representatives from Government ministries. A SESA Working Group will be set up to advise the REDD+ Coordinator and the two state level REDD+ project managers on specific issues relating to SESA.

II. Objectives and Context

The work and deliverable required in this contract includes a collection of linked activities: (i) development of the SESA (at the National Level with a special emphasis in the new states under readiness, namely Nasarawa and Ondo);, (ii) a national-level Environmental and Social Management Framework (ESMF); and (iii) analysis of land and involuntary resettlement issues

and the preparation of a Resettlement Policy Framework and Process Framework. These activities will support the integration of social and environmental safeguards into the REDD+ policy development. Each of these initiatives is discussed in detail below. A key overarching principle for this consultancy is that the outputs need to be generated in an integrated manner in tandem with the other REDD+ Readiness processes. There needs to be close coordination with the REDD+ Technical Committee and, depending on the specific activities, cooperation in planning, undertaking and analyzing the results with designated stakeholders and as appropriate, other consultants.

The development of the SESA will be done in tandem with the evaluation of the strategic options described in the R-PP for Cross River State as well as those that will subsequently be developed at the national level as well as the two new states. The SESA will assess the different REDD+ strategy options in an iterative and participatory way. This will be accomplished through a national and state policy dialogue that includes forest communities who represent the daily needs of subsistence land users at the local level. The SESA will value Nigeria's principles and traditional authority and will include processes to build these principles into design. The SESA WG of the REDD+ Technical Committee will provide oversight and coordination for the SESA and other safeguards reports described below.

1. Objectives

The core of this consultancy is the SESA that will assess the potential environmental and social risks and impacts, both positive and negative, of the proposed REDD+ strategy. The SESA makes use of a variety of tools, and can be defined as “a range of analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans and programs and evaluate the inter linkages with economic, political, and institutional considerations”.

The SESA will provide a cumulative assessment of the potential impacts of REDD+, according to the different strategy options. The identification of negative impacts and formulation of adequate mitigation measures will be integrated in the preparation of other components of the R-PP, as a means of ensuring that the World Bank Safeguards Policies are incorporated from the onset to avoid, limit and/or mitigate harm to people and the environment, and strive to achieve benefits instead. The SESA protocols will comply with the World Bank safeguards policies.

The SESA will integrate environmental and social considerations in the Nigeria's REDD+ strategy options (R-PP, Component 2b) and will advise on a framework for managing potential environmental and social risks and impacts associated with the implementation of these strategy options (R-PP, Component 2c).

The SESA aims to:

- Critically analyze REDD+ strategy options from a social and environmental point of view, with the aim of minimizing risks. This will include the development of criteria/indicators for the identification and prevention of social and environmental risks;
- Propose measures to mitigate environmental and socio-economic risks and impacts during REDD+ strategy implementation;

- Develop a multi-stakeholder engagement approach (that will be part of the Consultation and Participation Plan) to minimize risks and adverse impacts; and
- Identify and discuss options to improve sustainable development impacts of REDD+ activities as well as any associated measures that will complement climate change adaptation strategies.

The outcome of abovementioned assessments will lead to the development of mitigation, risk management and capacity building measures that will be defined in the national ESMF. In addition, this will include the application of appropriate measures to avoid or properly compensate for displacement and continued access and use of resources as part of the Resettlement Policy Framework and the Process Framework.

III Scope of the Consultancy

1. Setting the Context for the SESA

The SESA will assess and analyze the different REDD+ strategy options in an iterative and participatory way. The SESA process will be guided by Consultation and Participation Plan and also involve consultations with key stakeholders and interest groups, including forest-dependent groups (ethnic minorities), forest dwellers, and communities living adjacent to the forests). It will be an inclusive process giving special consideration to livelihoods, land rights (including informal rights of forest-dependent people), biodiversity, cultural heritage, equitable distribution of benefits, gender, special protection of vulnerable groups, capacity development, and governance aspects of FCPF unique to Nigeria.

2. National Validation Workshop

The SESA team will prepare a SESA Work Plan, which will be subjected to broad stakeholder validation in a national workshop, which will be crucial for establishing the legitimacy of all subsequent stakeholder consultations and participation actions. All key stakeholder groups related to forest management in Nigeria should therefore be represented. The REDD+ Technical Committee already provides a readily available and informed group of participants for this workshop, which can be broadened to include a wider group of stakeholders.

The workshop should be held at a location readily accessible to participants at state levels. The format and facilitation of the workshop should also ensure that all stakeholders feel comfortable voicing their views and concerns, that all voices are heard (including women's representation), and that all inputs are considered. The issues to be discussed should include legitimacy and representativeness of the stakeholder groups that have been defined, as well as mechanisms for providing feedback during the SESA process. Criteria for including new stakeholders in future consultation and participation activities should be set out and included in the Consultation and Participation Plan, as well as the rules for reaching agreements at key points in the SESA process. Views, comments, and agreements from the validation workshop should be used by the consultants to finalize the SESA Work Plan.

3. Institutional Arrangements for SESA

The SESA Work Plan will include an analysis of the institutional arrangements for integrating environmental and social issues into REDD+ Readiness. Whenever possible, the SESA will build upon existing knowledge and coordinate with institutions that carry out similar strategic planning studies or impact assessments.

It is suggested that a team of international consultants and local specialists be hired to carry out the SESA. Including local and regional consultants on the team would encourage greater ownership by the government while helping to fill capacity gaps. The consultant team hired to conduct the SESA will work closely with the SESA WG, which will be responsible for SESA oversight and coordination.

The SESA consultant team will work closely with the Nigeria REDD+ coordinator, the SESA WG, and the stakeholder engagement specialist responsible for implementing the Consultation and Participation Plan at national and state levels. The stakeholder engagement specialist in collaboration with the CSO Platforms at national and state level will facilitate the outreach, communication, and consultative mechanisms, help to organize any multi-stakeholder workshops, and provide context-specific consultation and information dissemination tools as required. They will also help to identify the relevant stakeholders, especially those considered marginalized in their ability to influence the process or vulnerable to adverse impacts from REDD+.

For the relevant stakeholders to fully engage with the SESA consultant team, a series of educational or training sessions must first occur. The exact nature and content of these training sessions must be determined, ideally following a capacity assessment. Training material may be developed in collaboration with CSO platforms at national and state levels, which specializes in environmental education and has already done some preliminary work in identifying key environmental and social issues related to REDD+. Such experiences must be built upon and developed more fully by the SESA.

Work Plan

The following are steps and approaches are envisaged under the SESA implementation process:

Step #1: Scoping

This step will encompass stakeholder gap analysis, building on the consultations carried out during R-PP formulation. The stakeholder gap analysis will identify any relevant stakeholders who might not have been considered during the R-PP formulation phase. Important among them would be community-level representatives, forest-dependent people, traditional leaders, community forestry associations, the private sector, charcoal producers and fuel wood collectors, women's organizations, government and non-governmental agencies working in the forestry and land use sectors, and national and local civil society organizations (CSOs). The Consultation and Participation Plan will be subsequently revised based on the stakeholder gap analysis and stakeholder feedback following consultation sessions with relevant (and new) stakeholders.

The SESA consultant team shall assist the Nigeria National and state levels REDD+ Secretariat and the SESA WG in preparing a draft Work Plan and budget for a comprehensive set of consultation and participation activities. Preparation of the Work Plan will be coordinated with

Nigeria National REDD+ Secretariat preparation of the REDD+ strategy options to ensure consistency of timelines, in particular for consultation activities.

The output of this step is a draft SESA process Work Plan and budget for Nigeria

Step #2: Launching the SESA work plan

The SESA consultant team, together with the stakeholder engagement specialist responsible for implementing the consultation and participation plan, will present the draft SESA Work Plan and budget to a national validation workshop, with key representatives from CRS, Nasarawa and Ondo to confirm the legitimacy of the Work Plan and the planned stakeholder consultation and participation processes. Views, comments, and consensus from the validation workshop shall be integrated into the draft Work Plan before preparation of the final SESA Work Plan, which shall be publicly disclosed through appropriate means or platforms.

The output of this step is a validated SESA Work Plan and budget for Nigeria REDD+ options.

A situational analysis will also be conducted at this stage to inform the work plan and will include (i) an assessment of existing information, policies, regulations, procedures and institutional structures that are supporting the implementation of environmental and social safeguards; (ii) an assessment of existing land tenure and land rights, conflict resolution mechanisms, and equitable distribution of benefits including benefits for the resource owners and other indirect and co-benefits; and (iii) an assessment of key stakeholders including a gender assessment on key issues.

Step #3: Identification of key environmental and social issues

This step aims to generate primary data on key environmental and social issues in the forestry sector to inform the selection of environmental and social priorities, using a variety of analytical tools. The SESA consultant team will facilitate the stakeholder engagement specialist's efforts to design standard tools including spatial analysis and participatory rural appraisal methods for application in selected communities. Spatial analysis will be applied in mapping and for overlaying different sets of information to identify areas where environmental and social issues are concentrated. Case studies will be used to show the opportunity costs of different land uses, including environmental and ecosystems valuation and demonstrate the potential benefits to selected communities. Case studies will also help to dig deeper into key issues, inter-sectoral linkages, and potential trade-offs in key areas. Participatory rural appraisal, which will include an analysis of the village-level customary governance institution, will be the main vehicle for identifying key environmental and social issues at the community level.

Building on the evidence and results of the above analyses, the SESA consultant team, supported by the SESA WG, will produce a scoping report of key environmental and social issues in forests areas of Nigeria. The scoping report will:

- Map environmental and social hotspots and discuss their main characteristics;
- Identify environmental and social issues related to the forestry sector;
- Discuss key land use trade-offs in forest areas by analyzing the opportunity cost of conserving forests versus developing these areas into alternative land uses such as housing/settlement, industrial estates, or agriculture; and

- Analyze critical institutional, legal, regulatory, policy, and capacity gaps underlying the key environmental and social issues identified.

Step #4: Selection of environmental and social priorities

The scoping report will be used during consultations with key stakeholders at multiple levels, who will engage in the participatory selection of environmental and social priorities. The most appropriate means of communication and outreach will be used to ensure effective participation of all sectors and stakeholder groups. In addition, institutional stakeholders identified in Step #1 (SESA stakeholders) will review and prioritize environmental and social issues through the culturally sensitive methods as described in the Consultation and Participation Plan.

The safeguards working group will facilitate the SESA consultant team's synthesis of outputs from the consultations and prepare a report on selected environmental and social issues. This report will be discussed at a national workshop to reach a consensus on common set of priorities. The final report after the workshop will be published and publicly disclosed through appropriate means.

The output of this step is the report on priority environmental and social issues.

Step #5: Assessment of candidate REDD+ strategy options

The SESA working group will facilitate the SESA Consultants assessment of the extent to which the candidate strategy options at national and state levels address the identified environmental and social priorities and take account the opportunity cost of forests. The candidate strategy options will also be assessed against Nigeria's legal and policy provisions and World Bank safeguards. Based on this assessment, the REDD+ strategy options will be refined and recommended to the REDD+ Technical Committee for further action.

The output of this step is draft report on REDD+ strategy options at state and national levels.

Step #6: Validation of REDD+ strategy options

The SESA WG and the REDD+ Technical Committee will present the draft REDD+ strategy options to a national and state validation workshop. Participants in the workshop will be selected from stakeholders defined in SESA Work Plan developed under step #1.

Step #7: Risk management/ESMF and RPF and PF

The SESA process shall conclude with the formulation of an ESMF to address outstanding issues or risks that may arise during implementation of the REDD+ strategy. This will also include a land and tenure needs assessment. The SESA consultant team will prepare the ESMF. The ESMF shall be subjected to a series of validation processes by stakeholders at national level to include key representations from CRS, Nasarawa, and Ondo.

The output of this step will be a draft and final ESMF. An analytical report on REDD+ impacts on land and livelihood access will also be produced - an RPF and a PF addressing these issues will be drafted and finalized.

Step #8: Tasks of the SESA consultant team

The SESA consultant team, together with the REDD+ SESA WG, will prepare a detailed SESA implementation plan and schedule, and a budget for the national-level ESMF, RPF, and PF.,

III. Reporting and deliverables

Reporting to the REDD+ Technical Committee at national and state levels on technical issues and to the Nigeria REDD+ coordinator in DoF on contractual matters, the SESA consultant team shall support the SESA WG by:

- Generating information through consultations with Nigeria REDD+ coordinator, SESA WG, and other stakeholders, and develop the SESA process Work Plan and budget. The Work Plan shall provide details on the SESA approach and methodology, timing/roadmap, and processes for communicating, validating, and providing feedback during the SESA process;
- Organizing and facilitating countrywide consultations in accordance with the scope of the approved SESA Work Plan, and in coordination with the Consultation and Participation Plan and the outreach and extension team;
- Collecting, analyzing and disseminating primary data, including mapping of social, economic and environmental issues pertaining to the drivers of deforestation in the country, to inform development of the SESA;
- Assessing the environmental and social sustainability aspects of proposed REDD+ strategy options, and providing feedback to the SESA WG;
- Developing an ESMF, and RPF/PF if needed, to address any residual social and environmental risks that are not addressed via the SESA process; and
- Facilitating forums convened to review and validate the SESA, the ESMF, the RPF, and the PF.

4. Environmental and Social Management Framework (ESMF)

4.1 Purpose of the ESMF

The Environmental and Social Management Framework (ESMF) will be developed from results of the SESA. The ESMF is an instrument to manage safeguards risks and impacts. The ESMF will help minimize and mitigate any potential negative safeguard risks and impacts of REDD+ as well as ensure its social and environmental integrity. The ESMF will lay out the processes, procedures and/or requirements through which future activities and projects under the REDD+ program, shall undergo to ensure compliance with safeguards.

In terms of engagement of all stakeholders, the ESMF will take the outcome of the stakeholder mapping exercises from the earlier SESA activities into consideration and give specific consideration to the protection of special and/or vulnerable groups of stakeholders. An assessment will be made of the capacity required to develop, implement, and administer the ESMF and potential shortfalls will be remedied with a capacity development program.

The ESMF incorporates procedures for:

- a) Description of the proposed project and analysis of alternatives;

- b) Comprehensive assessment of potential positive and negative environmental and social impacts of the potential projects
- c) Identification of capacity building needs for the project and recommendation of actions
- d) In-depth voluntary consultations with concerned stakeholder groups to seek their broad support;
- e) Culturally-appropriate capacity building measures;
- f) Environmental and social impact screening, assessment, and monitoring; and
- g) Grievance redress.

The ESMF also specifies the inter-institutional arrangements for the preparation of time-bound action plans for managing and mitigating adverse impacts related to the future project(s), activity(ies), or policy(-ies)/regulation(s).

By doing the above, the output is an ESMF that is compliant with applicable safeguard policies at the time of the assessment of the R-Package while also providing the overall framework for addressing social and environmental risk management issues in REDD+ activities that are implemented beyond the readiness preparatory work.

The development of the ESMF will be supervised by the REDD+ Technical Committee and the SESA WG will be working closely with the consultants of the SESA to provide advisory support. The Department of Forestry will coordinate the implementation of the SESA work plan.

4.2 Contents of the ESMF

The Consultant will prepare a draft ESMF suitable for public consultations that includes the following:

- Review of the country's existing legal and institutional framework and current practices of relevant government agencies, vis-à-vis relevant World Bank Safeguards Policies as described in the R-PP Assessment Note, and the initial set of REDD+ strategy options (collected as part of the SESA activities);
- Description of the expected project/activity types under the REDD+ program i.e., the typology of potential REDD+ projects to be implemented;
- A list and description of the potential environmental and social risks and impacts for each anticipated project activities;
- Safeguard screening requirements for the overall REDD+ program at each stage of the project cycle, including required processes and approaches (e.g. awareness, consultation, social and environmental review, consensus building, stakeholder participation, etc.), documentary requirements (e.g. Environmental and Social Assessment Report, Environmental and Social Management Plan, evidence of free, prior and informed consultation, community consent, land acquisition documents such as landowner consent, lease agreement, etc.) and the responsible project unit;
- Methods by which the particular needs of ethnic minorities people have been incorporated in the overall project design;
- Institutional arrangements to implement the ESMF and relevant program units and staffing arrangements;
- Specific guidelines (e.g. how to conduct an environmental and social review of proposed project, consultation, etc.) and templates/forms for: (i) Environmental and Social

Screening; (ii) Environmental and Social Management Plan (ESMP); (iii) specific checklists for those project types requiring greater environmental and social due diligence; (iv) approval; and (v) audit/monitoring requirements; and

- A capacity building plan for the various agencies and REDD+ program units involved in the implementation of the ESMF that includes a review of the authority and capability of institutions at different administrative levels (e.g. local, district, provincial/regional, and national).

5. Resettlement Policy Framework and Process Framework

5.1 Analysis of land requirements and Preparation of Safeguard Documents

The activities in this task are to be complemented with the preparatory work by the land tenure/forest governance analysis (under separate contract) and the SESA process. Given the locality based nature of REDD+ strategies, it is considered likely that REDD+ strategies may have impacts on land and access to livelihood resources. Accordingly a detailed analysis of land requirements will be required to identify these issues/risks early in the process. To address these issues/risks, a Resettlement Policy Framework (RPF) and a Process Framework (PF) will be prepared to establish objectives and principals, organizational arrangements, capacity building activities and funding mechanisms for any land requirements including compensation for resettlement or restrictions to access as required by the World Bank OP 4.12, Involuntary Resettlement. Since the extent and location of resettlement/compensation is not known at this time and will be determined as the SESA process unfolds and REDD+ strategies/activities are detailed, the Framework provides the opportunity to document how compliance with OP4.12 will be achieved, either through existing country systems, or through the use of special provisions documented in the Framework. If any resettlement/compensation is identified for any future REDD+ activity, preparation of a Resettlement Action Plan or Process Framework will be subsequently prepared.

The RPF ensures that any Resettlement Action Plan protects affected parties and physical structures, and livelihoods are restored to their previous standard and preferably exceed their current status. The RPF will include the process for valuation of all associated impacts on people's property and livelihoods and address mitigation of the impacts of resettlement based on international standards.

A Process Framework will address restrictions of access to legally designated parks and protected areas which result in adverse impacts on livelihoods of the affected persons. The Process Framework will outline the criteria and procedures as described in OP 4.12, which will be followed for REDD+ activities in cases where project-induced involuntary restriction of access to natural resources results in adverse livelihood impacts, to ensure that eligible, affected persons are assisted in their efforts to restore or improve their livelihoods in a manner which maintains the environmental sustainability of the nature reserve in question. More specifically, it describes the participatory process by which: (i) specific components of the Project were prepared and will be implemented; (ii) the criteria for eligibility of affected persons will be determined; (iii) measures to assist the affected persons in their efforts to improve or restore, in real terms, to pre-displacement levels, their livelihoods (e.g., as appropriate, alternative grazing areas, cultivation of unique non-

timber forest products such as mushrooms, or of other crops, or investments in community infrastructure) while maintaining the sustainability of the park or protected area will be identified; and (iv) potential conflicts involving affected persons will be resolved. It also provides a description of the arrangements for implementing and monitoring the process.

5.2 Consultation On and Disclosure of the ESMF, RPF, and PF

The draft ESMF, RPF, and PF) will be reviewed and discussed at a designated stakeholder workshops. The consultants and SESA WG will agree on the most efficient manner to ensure broad stakeholder feedback and consultation. Aside from the broad stakeholder consultations, targeted workshops should be held with state governments, forest and agricultural extension workers, CSO Platforms and community-based forest associations, custom institutions, women's and youth associations, and farmers associations. All consultations should follow the consultation and participation principles. These consultations will also serve as validation workshops that will conclude with the final ESMF, RPF, and PF reports.

6. Public Dissemination and Community Validation

The Consultation and Participation Plan will outline the process for public consultation and information dissemination for FCPF in Nigeria. The Plan will detail how the draft and final versions of the SESA will be publicly disseminated by the SESA team. Adequate resources and time should be allocated for these tasks given the lower literacy within communities in rural and remote areas, to avoid a situation where important community stakeholders misunderstand the purpose and value of the SESA, ESMF, RPF, and PF and the REDD+ process as a whole.

IV. Qualifications

The SESA process is expected to be facilitated by an international expert leading a team of experts in the following fields: Natural resources/forestry management, land tenure, social development, environmental assessment, stakeholder engagement, and GIS, among others. The following field of technical expertise and working experiences are required:

Policy Analyst / Planner (Team Leader) should have proven experience in leading sector or national reviews or assessments of public policies or development strategies. At least 10 years of experience, including 5 years of relevant experience in developing countries, is required. This expert should have at least 2 years of experience in African countries. Experience in Nigeria is desirable. S/he must have academic training in natural resources management or environmental or social sciences. Experience in SEA or SESA is desirable. Working knowledge of World Bank Safeguards Policies is a must.

Forest Governance Specialist should have at least 5 years of experience in forest governance processes and assessments. Knowledge of the legal, policy, and institutional framework for natural resources and sustainable development in Nigeria is required. A sound understanding of forest management, including decentralized extension service provision in Nigeria, is desired.

Land Tenure Specialist should have at least 10 years of working experience on land tenure and land management in Nigeria. Experience with assessing issues and options relating to land tenure

and land rights, conflict resolution mechanisms as well as familiarity with national legislations and regulations on land tenure, especially with regards to benefit distribution arrangements, is required.

Social Development Specialist should have at least 5 years of experience working with forest communities and on involuntary resettlement issues. Familiarity with social and customary land issues associated with forests in West Africa, and with the World Bank social safeguard policies, is required. At least 3 years of experience in the region is required, including experience in gender analysis and participatory rural appraisal. Knowledge of Nigeria's social and economic issues and trends is desirable.

Stakeholder Engagement Specialist should have at least 5 years of experience in participatory planning and engagement with a wide variety of stakeholders at the national, regional and local levels. Experiences in forestry-related and land use management aspects in Nigeria are required. The ability to communicate in major local languages is desirable.

Environmental Specialist should have at least 5 years of experience in environmental assessment in developing countries. Familiarity with environmental issues associated with forestry resources in Nigeria and with World Bank environmental Safeguard Policies is required. Experience in environmental valuation is desirable.

Mapping Specialist should be able to cover all mapping requirements of the SESA. At least 5 years of experience, including proven experience on mapping and GIS techniques, is required.

Lawyer should have expertise and experience required for undertaking a review of relevant legal framework (including land related law). At least 5 years of experience is required.

All members of the team should be fluent in English. Use of local languages is desirable, especially for the Social Development and Stakeholder Engagement experts. Specific technical inputs on legal, infrastructure development projects, gender, and environmental and natural resources valuation should be provided by the consultant team as needed. International expertise with proven experience in applying World Bank Safeguard Policies is a must for the Team Leader.

Annex VII. Detailed Analysis of Drivers of Deforestation and Forest Degradation and Description of Forest Management Regimes in Nigeria

As in all countries experiencing deforestation, the drivers of deforestation and forest degradation in Nigeria are complex, multi-fold and multi-layered. Without addressing the fundamental pressures leading to forest loss it will not be possible to reverse the trend. It is important to distinguish between the ‘proximate’ [direct] and ‘underlying’ [indirect] drivers of deforestation. The underlying causes reveal themselves in the form of proximate causes. The information on direct drivers and underlying causes provides the basis on which to determine the appropriate National REDD+ strategy.

The proximate causes of deforestation and forest degradation

In 2010 a workshop was held where stakeholders identified and ranked the different drivers of deforestation and forest degradation [the results are shown in R-PP Annex 2a (ii)]. It was generally agreed that the major ‘direct’ causes of deforestation in Nigeria are a result of:

- Conversion to agriculture, primarily for subsistence needs, though also for commercial production. This also includes expansion for pasture.
- The removal of timber in Nigeria is occurring at an uncontrolled rate, without strict adherence to laws or payment of appropriate fees and levies, contributing to increasing rates of forest loss. Fuel-wood contributes significantly to deforestation and degradation too, with around two thirds of the country relying on wood as a primary source of fuel, particularly for cooking.
- Infrastructure extension involving construction of roads, settlements, pipelines, open pit mines, hydroelectric dams, are also recognized as an important driver of deforestation, both directly and through the process of opening up areas for better access.
- Finally forest fires through the annual bush burning are also viewed as a significant contributing factor in deforestation and degradation.

There is a paucity of data providing actual quantification of the changes in each land use and vegetation class. The only information available is from between 1976/78 and 1993/5. This, at least, provides an indication of the likely causes [see *Table 3*].

This data further highlights agricultural expansion, including pasture development, as the dominant driver of deforestation in Nigeria. According to the above land use information there was a significant increase in the areas of agriculture – all types of agriculture identified had grown by a total of 84,073 km². Similarly, grazing land also expanded – its area increased from 18 % of Nigeria in 1976/78 to 20 percent in 1993/95. Available data suggests these trends have continued into the present day. What is clear is that any effort to reduce pressure on the forest will require close engagement with the agriculture sector; both through land use planning and through improved agricultural techniques.

It should also be noted that within the assessment period the area classified as degraded expanded significantly, from 284,000ha to 2,650,900 ha. This fact reveals the extent to which the environment has been degraded and thus calls for urgent attention.

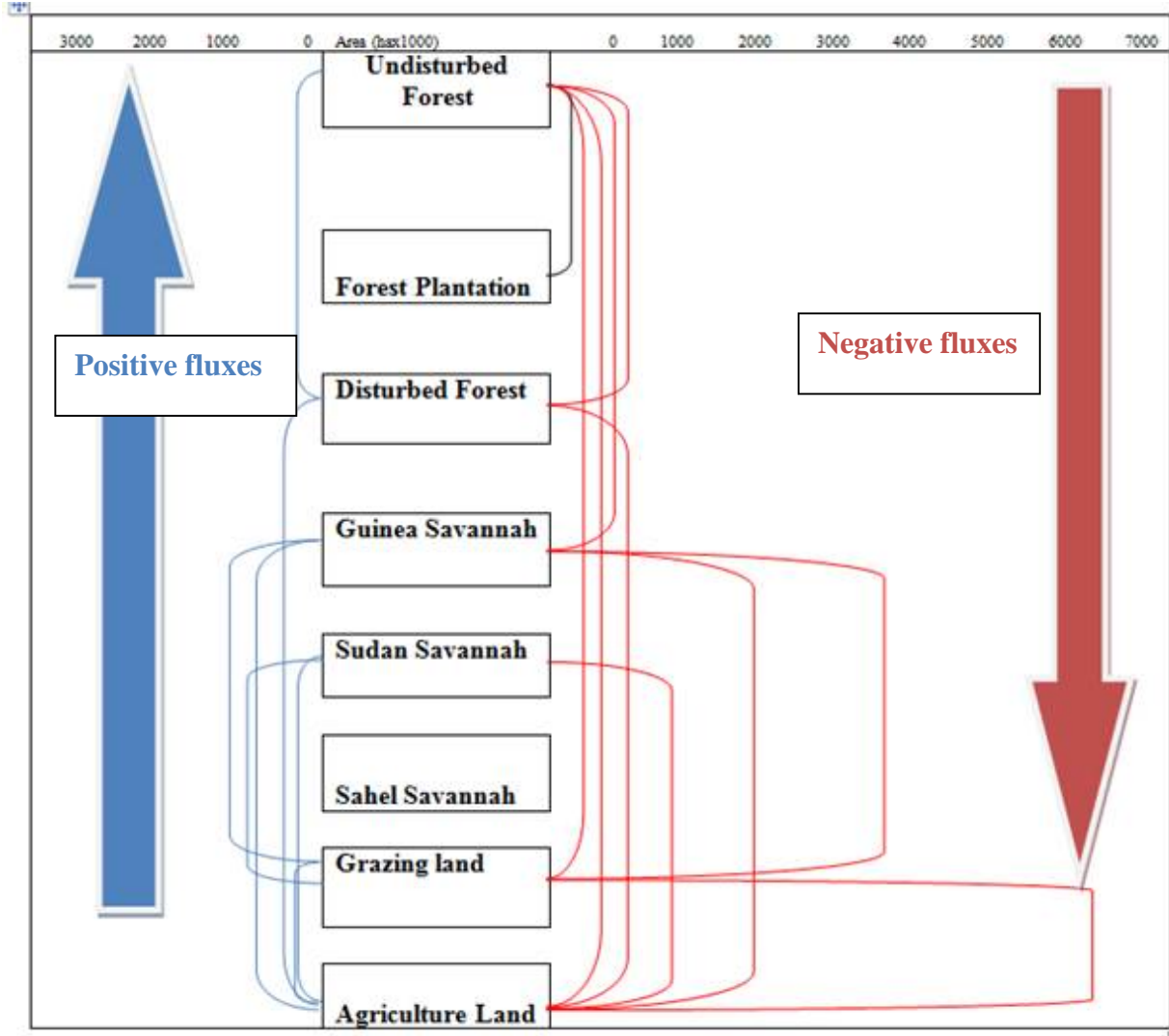
Table 3:
Summary of change in land use and vegetation classes
in Nigeria between 1976/78 and 1993/95

Vegetation class	1976/78		1993/95		Change (ha)
	Area (ha)	% of country	Area (ha)	% of country	
Agricultural land use	50,293,500	55.3	58,497,700	64.4	+8,204,200
Shrub/grass land	13,441,200	14.8	11,774,300	12.9	-1,666,900
Natural forest	23,429,100	25.7	15,097,900	16.6	-8,331,200
Built up area	208,300	0.2	544,400	0.6	+366,100
Degraded area	284,500	0.4	2,650,900	2.7	+2,346,400
Plantation	162,500	0.2	272,900	0.3	+110,400
Water Bodies	2,970,100	3.5	2,088,700	2.3	-881,400

From a transition matrix derived from the land use, a land use change data summarised above dynamics or flux diagram was produced. It gives an idea of the relative weight of drivers of deforestation. The predominant negative fluxes include, Grazing to Agriculture (5,120,000ha), Guinea Savannah to Grazing (4,148,300 ha), Guinea Savannah to Agriculture (2,586,300 ha), Sudan Savannah to Agriculture (1,414,100 ha), Disturbed Forest to Agriculture (587,400 ha), Undisturbed forest to Disturbed forest (446,700 ha), and Undisturbed Forest to Agriculture (310,100 ha). Positive fluxes include, Grazing to Guinea Savannah (1,157,500 ha), Grazing to Sudan Savannah, Agriculture to Guinea Savannah, and to a lesser extent Agriculture to Disturbed forest and Disturbed forest to Undisturbed forest. Overall, the negative fluxes (degradation, deforestation) are much higher than the positive fluxes. Changes to Agriculture are greatest.

This analysis gives an old picture (up to 1993/1995), and there is a lack of recent data on the direct drivers of deforestation and forest degradation to update this. It is clear that a more detailed understanding is needed so that the appropriate interventions can be introduced. Recent studies on drivers of deforestation are needed. The envisaged study within the UN REDD intends to address part of this, with more details at the Cross River. The terms of reference for this study specifically emphasises on the quantification of the relative weights of each driver of deforestation, and underlines the need to map deforestation hotspots; produce a transitional matrix for land use change; and undertake future projection modelling.

Figure 4: Land Use Flux of biomass and carbon stocks in Nigeria



Underlying causes of deforestation and forest degradation

Without addressing the underlying pressures leading to forest loss it will not possible to reverse the trend. These underlying causes of deforestation and forest degradation can be loosely divided into the following categories: policy and market failures, governance, demographics, poverty and macroeconomic factors.

Policy and market failures: policy failures are perverse government policies that provide incentives for degradation or resource exploitation; while market failures occur when the economic values of forests are not properly incorporated into decision-making. In Nigeria policy failures include:

- ✓ *Outdated forest laws:* the legislative structure for forest management in Nigeria has remained largely unchanged since colonial times. Forest resources fall under three main categories: Forest Reserves, State and private tree plantations, and ‘free areas’. The colonial legislation set a number of precedents that are still evident today, including a policy thrust

based upon the expansion of reserved areas and plantations, in which communities have very limited rights;

- ✓ *Sector-specific forest policies* encourage deforestation, including laws on the duration of timber concessions, allowable harvests, and royalties and fees. An example of this is the practice of allocating short-term concessions of 1 to 3 years that encourage annual re-entries thereby totally degrading the forests;
- ✓ *Development policies* outside the forestry sector that promote large agricultural programs, mining, dams, roads, and other infrastructure projects; and
- ✓ *Nigeria's tenure policies* create arrangements that supersede traditional institutions and use rights and, often, remove local incentives for conservation.

Market failures are persistent throughout the forest sector leading to a lack of proper value attached to the multiple goods and services which forests provide; including ecological services such as carbon sequestration, watershed and biodiversity protection. In order to provide greater incentives for forest protection, these values would need to be identified and incorporated into decision making – for example by paying for the carbon sequestration values.

Governance: deforestation and degradation result from the combined impact of poor forest tenure arrangements and weak forestry institutions, which in turn determine the set of incentives that leads to overexploitation. In Nigeria the major governance challenges are:

- ✓ *Lack of integration with other ministries:* government agricultural programmes and the potential expansion of the solid minerals sector have a significant impact on forestry in Nigeria; however, this is largely overlooked in national planning processes. Forestry (and environment in general), is not effectively integrated across national planning, despite the presence of mainstreaming mechanisms (such as the biodiversity inter-ministerial committee);
- ✓ *Forest land tenure;* the land tenure laws fail to formally recognise community tenure of land removing an incentive for villages to manage their land resources more effectively;
- ✓ *Weak capacity at federal level:* the management of forest resources and the right to generate revenue from the forest estate are both vested in the state governments at present. The role of the federal government appears somewhat limited, although the Federal Department of Forestry (FDF) holds the remit to advance national forest policy. The FDF is in a weak position, having suffered from a lack of capacity development over the last fifteen years;
- ✓ *Weak capacity at state level:* the lack of capacity and funding situation at the federal level is reflected at the state level, where the state forestry departments lack capacity to manage forests effectively. The funding of government agencies remains weak and there is very limited civil society capacity to compensate for this deficiency;
- ✓ *Absence of forest management planning:* an important cause for deforestation within the forest reserves can be linked to state forestry departments who have abandoned any form of forest management for natural forests since the 1970s. As a result, reserve forests may have no effective policies in place to regulate their harvesting. In many reserves management amounts to salvage logging for the last remaining trees.
- ✓ *De-reservation by state governments:* forest estates are being de-reserved by some state governments and the state forest departments for the establishment of agricultural cropland. The unfortunate impression has thus been created that the forest estate exists as a land bank as the demands for de-reservation continue nationwide.

Demographics: a growing rural population and migration to the rural areas and forest frontiers increases the pressure on forests. Nigeria has experienced rapid population growth over the last 50 years due to very high fertility rates, quadrupling its population during this time. Growth was fastest in the 1980s, and has slowed slightly. According to the 2012 World Population Prospects the total population was 159 708 000 in 2010, compared to only 37 860 000 in 1950. An increasing population in urban and rural areas raises the demand for food, thus, requiring more land to produce them, unless improvements in agricultural practices are introduced. Also, as the majority of the population are still dependent on wood fuel, a growing population puts pressure on the forests for extraction and burning of wood, unless alternatives can be provided.

Poverty: the forest dwelling communities are some of the poorest in Nigeria and depend on the forest to support their basic livelihoods - food and fuel. The poor farmers extract what they can from the forests to support themselves, and have little time or resources left to invest in resource conservation or management. Marginal resources, which are often all that are available to the poor, are used intensively. Multiple factors drive poor smallholder farmers to engage in unsustainable practices. Addressing poverty issues properly will relieve environmental pressures, by breaking the cycle of impoverishment and degradation. Some of the persistent issues that keep communities in poverty include:

- ✓ *Lack of access to basic services:* a lack of financial and human resources and poor access to government resources and infrastructure promotes short-term management strategies and the unsustainable use of natural resources. This failure to invest in human capital perpetuates both poverty and short-term resource management. This problem is particularly severe for migrants who are facing new environments where traditional knowledge and production systems may be inappropriate;
- ✓ *Land tenure:* a lack of tenure security discourages long-term investment. Poor farmers often have no tenure or uncertain tenure of their land as a result of socioeconomic inequality. Insecurity of tenure rights and the prevalence of landlessness among the poor facilitates displacement and promotes degradation;
- ✓ *Low technology:* isolation and lack of capital reduces access to extension services and environmental technology. The adoption of low technology land extensive technologies inevitably results in the expansion of agriculture at the expense of forests; and
- ✓ *Exploitation;* forest communities may not always be aware of any alternatives to unsustainable use and can be exploited by outside interests, such as logging companies. Divided communities are often far more vulnerable to predatory logging interests and so within a few generations, their forests are cleared while the villages remain poor.

Macroeconomic factors: these include external debt; foreign exchange rate policy and trade policies governing the sector. For example, policies supporting export orientated agriculture production. Others examples in Nigeria include:

- ✓ *Ban on wood export:* the ban on log and sawn timber exports has contributed to the inefficiency of the wood industry by keeping prices lower than competitive prices.
- ✓ *High revenue targets and low timber fees:* the allocation of concessions is by discretion and annual timber removal is driven by the states' revenue targets. These are set administratively without regard to what actually exists in the forest or what can be sustainably harvested, nor to the commercial value of the timber. Low timber fees have had a direct impact on the efficiency of the forest industry, with the state incurring significant revenue losses as well

as causing wastage of valuable timber resources. According to a World Bank study, four states (for which complete data are available) subsidized the forest industry to the tune of US \$6.5 million in 2003 through a failure to adjust their fees to higher timber values and a failure to capture revenues lost through illegal logging. This study estimated that between 2001 and 2003, the four states lost US \$ 18.7 million from these sources.

Table 4: Forest management regimes in Nigeria²⁴

Management regime	Area (ha)	Description of management	Conservation status
Total Forest Area	9,600,000	About 70% of the country's forest is open tree savannah with the remaining 30% classed as closed forest.	Most of Nigeria's forests are heavily degraded – the least degraded forests tend to be found in national parks or in CRS.
Forest Reserves (FR)	2,700,000	About 445 gazetted reserves (~29% of forest cover). Established for the supply of timber. Collection of NTFPs is permitted as well as hunting.	Variable, majority are heavily degraded with no management plans, and ineffective protection
National Parks (NP)	2,509,000	There are 7 of these (~28% of forest cover). Established for the protection of biodiversity and tourism. No hunting or collection of NTFPs allowed.	Relatively well managed compared to forest reserves
Game Reserves (GR) & Wildlife Sanctuaries	745,000	There are 23 of these. Established for the sustainable management of wildlife with controlled hunting. No timber extraction permitted.	Mostly degraded with no management plans and ineffective protection
Strict Nature Reserves (SNR)	1,140	There are 8 of these. Strict protection with no use of any type allowed other than scientific research.	Most are small (between 19 and 460 ha), and degraded with ineffective protection
Plantations	382,000	Often within FRs. Planted forests, mostly exotics e.g. teak, Gmelina, rubber, etc.	Variable, most are without management plans
Community Forests/"free" areas	2,700,000	Depends upon community bye-laws. Most allow all uses including timber extraction and clearing for farmland but some have controlled use of some forest products.	Variable mostly degraded except in the more inaccessible parts of the country.

²⁴ Based on the Forest Resource Assessment 2010, FAO

Annex VIII. Selection of New Pilot States and Detailed Information on New Pilot States

1. The Government of Nigeria completed a selection process for the two new states to join the Nigeria REDD+ Program. The process comprised the following steps:

- States wrote Expression of Interest to join the Nigeria REDD+ Programme; a total of 5 states namely; Delta, Ekiti, Nasarawa, Ondo, and Taraba formally indicated interest
- Scoping Missions were conducted to the States by National REDD+ Secretariat, along with some Civil Society Organization representatives and the media
- A consolidation and consultation workshop was held in Calabar in which all the candidate states and CRS participated
- The states were requested to submit a three-five page Briefing Note in support of their interest
- A three-member independent technical panel reviewed all the submissions. At the end of the above exercise, the two states that emerged are Nasarawa and Ondo. Details of the criteria used are in Table 5 below.

Table 5: Criteria for Selection of New Pilot States

<p>State Commitment:</p> <ul style="list-style-type: none"> • Degree of political commitment to REDD+ and REDD Readiness process • Existence of on-going initiatives that can be mainstreamed into the REDD+ process • Is REDD+ process integrated or likely to be integrated into the state’s core forest management activities • Existence of dedicated staff with job descriptions and responsibilities in the area of REDD+ process and activities? • Existence of some budget or other allocations that could be used to implement REDD+ activities?
<p>Technical Capacities:</p> <ul style="list-style-type: none"> • Existence of systems and capacities to develop and implement Forest Monitoring and MRV systems • Existence of facilities for Remote Sensing and GIS within the state • Extent of forest cover • Existence of forest data and maps • Existence of up to date land use maps • Demonstrated experience in forest conservation and in sustainable forest management
<p>Community Commitment –Existence of dialogue between the state government, communities and civil society actors on natural resource management and sustainable development</p>
<p>Legal and regulatory aspect – Is the area to be used for the implementation legally acquired by government or still a community property?</p>

2. Achievement of biodiversity and forest conservation in these state will proffer a holistic resource conserving research frame work approach that will help to reduce and manage biological and ecological degradation in the environment. This knowledge is critical to managing forest and biodiversity working from the angle diverse agro-ecological environment situation as evident in Nigeria.

3. In addition, these two states have a wealth of indigenous knowledge as a result of their co-habitation with the forest and informal conservation and protection against deforestation. For

example the designation of protected areas, forest management, agro-ecological sustainability all of which are cumulative for achieving sequestration, reduction in emission and reduce losses of biodiversity.

4. Ondo state is home to some of the natural productive Strict Nature Reserve (SNR) in Nigeria. SNR is a prominent method for in situ conservation of biodiversity. The SNR portion of this reserve, popularly known as ‘Queen’s plot’, has a huge biodiversity supporting the ecological importance of the forest ecosystem. These forests have a very closed canopy, huge tree species diversity, diverse indigenous hardwood species, distributed across genera and important families.

5. Nasarawa on the other hand is blessed with 38 forest reserves covering an estimated land area of 5402.6 square kilometer. The southern landscape of the state forms part of the low plains of the Benue origin. The current dense forest are found in lowland areas, particularly where population pressure is less on the land and home to these rich forest reserves.

Detailed information on Nasarawa State

6. Nasarawa state is located in the central part of Nigeria. It has a total land area of 21,117 km² and population of over 2 million people.

7. As at 2009, the natural forest reserve in the State covers an area of 145,228.12 ha. The common species in these reserves are *Daniellia oliveri*, *Khaya senegalensis*, *Sterculia setigera*, *Vitex* the state. In addition, the state has created 5,537 hectares of forest plantations. This brings the total land areas of Nasarawa State under forest reserve cover to 150,765.26 ha, which is about 5.6% of the total land area of the state. Despite the small areal extent of its forest resources, the Government recognizes the importance of forests in socio-economic and environmental sustainability of the state. In this regard, the state has gazetted some forest reserves for protection, with adequate protection mechanisms in place. There are forty one (41) forest reserves in the state, out of these 37 are gazetted, while 4 are ungazetted.

8. A strong institutional framework has been put in place to enhance the sustainable management of the state’s forest resources. The Nasarawa Geographic Information Service (NAGIS) has been strengthened to produce up-to-date imageries of the general vegetation resources of the state in general and those of the forest resources in particular. Tree count analysis for 1ha of land undertaken by NAGIS is shown in Figure 1 as an example of its capability. In addition to the mapping of existing forest reserves, NAGIS has also supported the Nasarawa Ministry of Environment to identify possible REDD+ pilot sites and produced REDD+ mapping guidance by December 2011.

9. There is also an ongoing initiative to harmonise the State’s policies that are related to forest management and environmental sustainability so as to foster the enabling policy environment and have a common approach to sustainable forestry in the state. In addition, the capacities of various institutions managing forest resources in the state in one form or the other (Nasarawa State Agricultural Development Project; Nasarawa State Urban Development Agency; Local Government Departments of Agriculture; Ministry of Agriculture and Natural Resources (Department of Forestry); Ministry of Water Resources and Rural Development; and Nasarawa

State Environmental Protection Agency) are being strengthened to monitor and report on the state of forests in the State.

Detailed information on Ondo State

10. Ondo state is located in the south western zone of Nigeria. It has a total land area of 14,799 km² and population of close to 3 million people.

11. The forest cover is constituted into the underlisted vegetation cover:

- Mangrove/Swamp – 2,115 km² (14.29 percent)
- High forest 10,993.54 km² (74.29 percent)
- Derived Savannah – 1,690.43 km² (11.2 percent)

12. Forest reserves (covering about 3,016 km²) are under the control of the state government in collaboration with the Forest Dependent Communities. There are 16 forest reserves in the state. They are gazetted lands held by government for the conservation and sustainable management and production of forest resources.

13. There has been extensive engagement with forest communities on conservation and sustainable forest management over the last 30 years. But in more recent times concerted efforts have been geared toward regeneration activities to replenish and replant degraded forest, resulting in planting of a total of 1,135 ha of forests in the period of 2009-2014.

Annex IX. Forestry Sector Legal Framework and Institutional Setup

1. **Federal Legal Framework.** Nigeria has had forestry and natural-resource conservation laws since the first half of the 20th century. The first Forestry Act was enacted in 1937, it established a forest reserve system under the state governments. Current sector legal framework is based on the Constitution of the Federal Republic of Nigeria (1999); the National Policy on the Environment (1989) encompassing the policy on Forestry, Wildlife, and Protected Areas; the National Forest Policy (2006); and the Land Use Act (1978 and amended in 1990).

2. The Constitution (Chapter II, para 20) states that the State shall protect and improve the environment and safeguard the water, air and land, forest and wildlife of Nigeria. The goals of the National Policy on the Environment aim to achieve sustainable development in Nigeria by ensuring the following: conserving and using the environment and natural resources for the benefit of present and future generations and raising public awareness and promoting understanding of essential linkages between environment and development and to encourage individual and community participation in environmental improvement efforts. The policy recognizes the important role citizens or communities may play in the formulation and implementation of environmental policies. The chief objectives of the Forest Policy are to prevent further deforestation and to recreate forest cover, either for productive or for protective purposes, on previously deforested fragile land in all the States of the Federation.

84. The Land Use Act regulates administration regimes—for land - administration of land area is divided into urban land, which will be directly under the control and administration of the Governor of each State; and non-urban land, which will be under the control and administration of the Local Government.. The law intended to regulate the land rights in order to bring uniformity in the laws governing land-use and ownership, control speculation in urban land, equalize legal access to land rights by Nigerians, facilitate the Federal and State Governments to acquire land for large-scale projects (housing, irrigation schemes, industries, etc.) and unify rural lands arising from either the application of traditional principles of inheritance and/or population growth and the consequent pressure on land

3. Due to lack of understanding of the confusing and sometimes contradictory provisions of the Land Use Act as well as lack of detailed and enforced supporting regulations, the land tenure situation became very critical in Nigeria. As such a comprehensive review of the land act was conducted in 2009 which seeks to vest ownership of land in the hands of those with customary right of ownership, and also enable farmers to use land as collateral for loans for commercial farming to boost food production in the country. The bill also seeks to restrict the requirement of the governor's consent to assignment only, which will render such consent unnecessary for mortgages, subleases and other land transfer forms in order to make transactions in land less cumbersome and facilitate economic development. The bill yet has to be passed by the National Assembly though the general tendency today goes towards the recognition of customary right of ownership. In August 2013, the Presidential Technical Committee on Land Reform edited the draft regulations on the Land Use Act, 2013 with the aim of introducing regulations for standardizing the process of land registration across all states, such as Systematic Land Titling and Registration, to improve land tenure transparency and security in Nigeria. The document has yet to be adopted by the National Council of States.

4. **Other Policies of Land-Use and REDD+ Related Sectors** include: the National Agricultural Policy (1988); the Water Resources Act (1993); the Minerals and Mining Act (2007); the Federal National Park Act (1999 and amended in 2006); the Endangered Species Act (1985); and the National Gender Policy (2006). The policies of other land use sectors, such as energy and agriculture promote harnessing of land-based natural resources for development, job creation, and economic growth required for advancing Nigeria's economic development. The National Environmental Standards and Regulations Enforcement Agency (NESREA) has rolled out some regulations, the ones that have relevance to REDD+ issues include: the National Environmental (Access to Genetic Resources and Benefit Sharing) Regulations 2008, and the regulation on land degradation. The agency is in the process of developing a Regulation on sustainable wood export.

5. **Climate Change Specific Legislation.** Aware of the country's high vulnerability to climate change, the Federal Executive Council approved the adoption of the National Policy on Climate Change and Response Strategy (NPCC-RS) as a National Document for implementing climate activities in the country. In parallel, the National Adaptation Strategy and Plan of Action for Climate Change in Nigeria (NASPA-CNN) are also being finalized. These will provide a guide for the integration of climate change adaptation goals into government policies, strategies and programs.

6. **State Level Legislation.** At the State level, each of the 36 States and the Federal Capital Territory have their respective forest policies and Forest Acts which are used to regulate forestry practices in their jurisdiction. Most of these policies and legislations were adopted from the old regional governments in Nigeria and so they predate the creation of states (i.e. before the 1970s). The four regions of Nigeria were dissolved and became 12, then 19 and, finally, 36 states. However, the old forestry laws for these regions are still in force in most of the current states.

Institutional Set Up at the Federal Level:

- The **National Forestry Development Committee** is the highest advisory body to Government on all forestry issues, responsible for formulating national forest policy and technical guidelines on forest management.
- The key forestry sector institution at the federal level is the **Ministry of Environment**. The Ministry is responsible for the environmental protection and natural resources conservation and management for sustainable development. It is also the coordinating agency for UNFCCC in Nigeria including REDD+.
- The **Federal Department of Forestry (FDF)** is one of the Departments in the Ministry of Environment.
- The **National Parks Services** manages the seven national parks in Nigeria.
- The main function of the **Forestry Research Institute of Nigeria** is to carryout research and development and training in the forestry sector in Nigeria.
- **National Environmental Standards and Regulations Enforcement Agency (NESREA)**, the main environmental law enforcement agency of the federal government, is responsible for the protection and development of Nigeria's natural resources in general and environmental technology.
- The Nigerian **Federal Ministry of Agriculture and Rural Development** regulates agricultural research, agriculture and national resources, forestry and veterinary research throughout Nigeria.

7. **Civil Society.** Besides the Government, there are several national level and international Non-Governmental Organizations (NGOs) involved in natural resource management and climate change issues including the Ecological Society of Nigeria, Pro-Natura International, Fauna and Flora International, the Wildlife Conservation Society, Friends of the Earth Nigeria / Environmental Rights Action, and the International Centre for Energy, Environment and Development. It is envisaged that civil society, through stakeholder platforms on REDD+, would work closely with Federal and State(s) levels REDD+ Secretariat/units to support the consultations, enhance participation and contribute to the establishment of transparent and accountable governance for REDD+.

8. **Institutional Set Up at the State Level.** Relevant state-level institutions include state ministries of environment, state departments of forestry, and state ministries of agriculture.

Annex X. REDD+ Readiness in Nigeria To Date Including Donor Support

1. **The REDD+ Process in Nigeria** started in 2009 as part of involvement in the regional environmental networks (such as the Katoomba Group), the interest of the Governor of Cross River State and the progressive engagement of the Federal Ministry of the Environment. Nigeria has demonstrated its commitment to introducing REDD+ through its establishment of a REDD+ Secretariat as well as a national technical subcommittee on REDD+ (which is anchored to the national climate change agenda). Fuelled by the political support of its Governor, Cross River State (CRS) continues to pioneer REDD+ efforts within Nigeria.

2. **UN-REDD Programme Support.** In 2009, Nigeria and CRS requested support of the UN-REDD Programme to craft and advance REDD+ in the country. The UN-REDD Programme provided intensive policy, technical and planning support in 2010-2012, which resulted in a national program for REDD+ (i.e. the *Nigeria REDD+ Readiness Programme*, or UN-REDD Nigeria programme). It was the result of extensive stakeholder consultations, technical analysis, UN advisory missions and field surveys, and it was approved by the UN-REDD Policy Board – after due international reviews – in 2012, with a financial allocation of US\$4 million for the period of 2012-2015²⁵. The UN-REDD Programme provides support to the following four outcomes: Outcome 1: Improved institutional and technical capacity at the national level; Outcome 2: Framework for REDD+ expansion across Nigeria prepared; Outcome 3: Institutional and technical capacity for REDD+ in Cross River State strengthened; and Outcome 4: REDD+ readiness demonstrated in Cross River State.

3. **Participation in the FCPF.** As Nigeria is a vast country, with a federal structure and complex challenges to address deforestation, the UN-REDD support is clearly insufficient. Accordingly, Nigeria also submitted in 2009 a request for membership to the FCPF, in order to broaden the international partnership and support for REDD+. Nigeria, a regular actor in the FCPF's Participants Committee, has expressed the need for FCPF support to consolidate federal-level REDD+ readiness and to expand the lessons from Cross River State to other interested states in the federation. On January 31, 2012, Nigeria submitted a supplement to its Expression of Interest to join the FCPF requesting participation with full financial support for REDD+ Readiness preparation. The FCPF support will enable Nigeria to develop its REDD+ Strategy and advance its REDD+ Readiness, which will allow Nigeria access results-based payments for emissions reductions in the forestry sector, thus incentivizing sustainable forest management in the country.

4. **Readiness Preparation Proposal (R-PP).** The Country prepared a Readiness Preparation Proposal (R-PP) (see Annex V for a link to the R-PP document) that was endorsed by the Participants Committee (PC) of the FCPF in December 2013. The R-PP lays out a roadmap for achieving “Readiness” to engage in an international REDD+ mechanism and puts forward a request for a \$3.4 million grant from the FCPF to implement this roadmap. The total budget for all R-PP activities is estimated at \$8.0 million²⁶.

²⁵ It is expected to be extended to the end of 2016, with no additional funding.

²⁶ This includes current funding of US\$4 million from the UN-REDD Programme, US\$3.6 million requested from the FCPF, and US\$0.4 million from the Government of Nigeria.

5. The current R-PP document is a result of many contributions, after a long process of multi-stakeholder consultations and both technical and policy dialogue. It is an evolution of Nigeria's REDD+ Readiness Programme (2012)²⁷. The current R-PP incorporates the outcomes and activities under the ongoing UN-REDD support and adds further activities that would be priority under the support being sought from FCPF. It also incorporates several improvements following the comments and recommendations from the FCPF-commissioned Technical Advisory Panel (TAP) in October 2013. The R-PP document, in addition to incorporating the current UN-REDD support and areas of focus, highlights some of the challenges and likely matters for which FCPF support is desirable.

6. REDD+ and National Agenda in the Forestry Sector. The REDD+ activities will add value to ongoing forestry programs in the following areas: baseline information and inventory, sustainable management of forest resources, enhancing incomes from forestry resources management, and promotion of stakeholder participation in forestry resources development and management.

UN-REDD Programme Support

7. The REDD+ Readiness Preparation Support will build upon findings and outcomes of the UN-REDD Programme supported work at the federal level and in Cross River State. The UN-REDD Programme support has a total financing envelope of US\$4 million, it started in 2012 and was expected to end in February 2015; however, an extension with no additional financing, until end of 2016, was being processed at the time of the FCPF grant preparation. UN-REDD Programme supported various Nigeria UN-REDD technical assistance related work which laid the foundation for the REDD+ readiness process.

8. The UN-REDD Programme support is implemented by three UN agencies, namely United Nations Development Programme (UNDP), United Nations Food and Agriculture Organization (FAO), and United Nations Environmental Programme (UNEP). It will form the baseline and point of departure for some of the FCPF-supported REDD+ analytical and technical assistance work, thus helping to leverage scope and pace of the readiness process. This noticeable complementarity shows a grown interest from development partners to support and the Government of Nigeria's focus to ensure it achieves its REDD+ readiness goal as part of its national low carbon development agenda.

9. Table 6 below provides a summary of components of the UN-REDD Programme support and indicates implementing agencies for each specific component

²⁷ Program document for UN-REDD Programme support to Nigeria

Table 6: Summary of UN-REDD Programme Support

DONOR AGENCY	PROJECT TITLE	ACTIVITY	FOCUS & DESCRIPTION	FCPF REDD+ RELATED COMPONENT	ESTIMATED Dev PARTNER FUNDING (USD)
UNDP	Improved institutional and technical capacity at the national level	The REDD+ Secretariat operationalization for effective coordination of REDD+ readiness nationwide	The activity is focused on strengthen existing the institutional arrangement managing process, the technical staff, technical consultants through capacity building activities during: i). Technical meetings (National REDD+ technical committee; Diplomacy Task Force; Trainings; joint DF-DCC events) ii). Federal-CRS management meetings and field visits. iii). Field visits to new states interested in REDD+ (framing & advising on REDD+ across new REDD+ states)	Component 1	101,000
UNDP		Policy, legal and institutional arrangements for REDD+	Technical assistance on (REDD+ Policy brief; Presidential Order on REDD+) Diplomacy initiative: national vision & principles for Nigeria REDD initiatives	Component 2	40,000
UNDP		Stakeholder engagement and public awareness on REDD+	Stakeholder identification, awareness, engagement at national, state, local government and community level.	Sub component 4.3	35,000
UNDP		TA supporting Nigeria's international engagement on REDD+	Nigeria REDD+ & Climate Diplomacy initiative, collaboration with ECOWAS (developing a REDD+ stream in ECOWAS's climate-change dialogues)	Sub-component 1.1	55,000
UNDP		A preliminary National Strategy /plan for expanding REDD+ across Nigeria's states	Development of criteria and guidelines for REDD+ readiness in Nigerian states (including stock taking of CRS experience). Finalization of R-PP. Forum and trainings on REDD+ for new states	Sub- component 1.3	40,000

			REDD+ Diplomacy initiative		
UNDP	Institutional and Technical Capacity for REDD+ in Cross River State	CRS stakeholders Platform	This activities focus on developing and having in place : i). Participatory Governance Assessment on REDD+ ii). CRS Stakeholder Forum on REDD+ iii). Awareness raising for MDAs, state legislators and local governments and iv). Awareness raising at community level.	Sub-component 4.1	183,000
UNDP		CRS REDD+ Unit	The focus is on technical capacity building and strengthening: i). provision of an international technical assistant; ii). Stakeholder engagement specialist; iii).Strengthening of field units; iv). REDD+ training events	Sub-component 1.2	138,000
UNDP		CRS REDD+ Strategy	The focus includes studies on: i). Experience and potential for reforestation & agroforestry; ii). Alternative energy source and controlled measure to fuel wood extraction; iii).Technical exchange event on reforestation, restoration and SFM (inviting experts from best cases countries); Design, TA work for policy & legal review; iv). Methodology for undertaking a household survey relevant to REDD+ (incomes, forest uses, forest perceptions, royalties, energy profile, socio-economic data), potentially drawing from Zambia experience	Sub-component 2.1	145,000
FAO		CRS Forest Monitoring	Strengthening the state GIS laboratory for forest inventory and monitoring. Training of technical staff in Calabar (CRS & federal) in geospatial information management. Development of Forest Carbon Inventory methodology and sampling design, including cost analysis	Component 4	240,000

			Field testing of CFI methodology with CRS FC and community members (in conjunction with GCF, and to be continued in 2015). Develop a MRV database for CRS, including remote-sensing and forest inventory data (to be shared with Federal government). Conduct a spatially explicit analysis of deforestation and forest degradation drivers in CRS		
UNEP		Stakeholder engagement and public awareness on REDD+	The activity set aim is to improve knowledge, raise awareness, build governance and accountability for REDD thought the development of a communication plan for REDD+ in Nigeria, implementation of the plan, training of journalists and media to report effectively on REDD+ in Nigeria	Sub-components 4.1. and 4.2	70,000
FAO	Framework for the Expansion across Nigeria prepared	Assessment of National REDD+ challenges & potential	Undertake a non-spatial assessment of drivers of deforestation and forest degradation. Assessment of reforestation and landscape restoration experience, lessons learned and guidance. Study on the role of forestry sector on the national economy	Sub-component 2.1	90,000
UNDP		National Strategy for expanding REDD+ across Nigeria's states	Criteria and guidelines for REDD+ readiness in Nigerian states (including a stock of CRS experience) Finalization of R-PP Forum and trainings on REDD+ for new engaged states REDD+ Diplomacy initiative	Sub-component 2.1	
	Institutional and Technical Capacity for	CRS forest monitoring system operational	Procure GIS laboratory & full equipment for forest inventory and monitoring.	Component 4	

REDD+ in Cross
River State

Training of technical staff (CRS & federal) in satellite information management and specialized training
Support to nationwide stratification of forest.
Design of Forest Carbon Inventory and cost analysis at state level
Community-based monitoring and verification of forest cover (in conjunction with GCF)
National guidelines for Community Forest Management in development
Collect and harmonize existing forest data (to be shared with Federal government).

Annex XI. Financial Management Assessment

A. Financial Management and Audit Arrangement

FM assessment. The FM assessment indicates that the financial management arrangements in Federal Ministry of Environment (FME) satisfy the Bank's minimum requirements under OP/BP10.02. The financial management risk is assessed as being moderate. The computerization of the accounting system which is supported by the grant will further enhance proper reporting of the grant activities.

The FM System implemented for the FCPF Grant is based on guidance provided in Guidelines to Staff: Assessment of Financial Management Arrangements in World Bank-financed Projects, October 15, 2003.

Project Steering Committee (PSC)

The FME will constitute the project steering committee with appropriate qualifications and skills at both Federal and State levels.

Financial Management system. The system includes the fong:

- iv) a) Recording of all financial transactions, including receipts and expenses. The records which would be maintained on a cash accounting basis include (amongst others) cash book, vote books, fixed assets register, contract register;
- b) Recording assets and liabilities;
- c) Simple internal control arrangements including internal audit by the Internal Audit Unit of Federal Project Financial Management Unit (FPFMU), to ensure that every transaction is duly authorized and properly recorded, and that assets are safeguarded;
- d) The ability to produce periodic financial information, including year-to-date and cumulative project funds inflow, expenditures by disbursement category and by component, and closing cash and bank balances. Bi-annual Interim financial reports will be prepared and annual financial statements for the grant;
- e) Appropriate staffing to carry out the above functions, experienced accountants and internal auditors will be assigned to the grant by the accounts and internal audit units of FPFMU respectively.

External Audit. Two audits will be required for the grant over its implementation period in conformity with the Bank's audit requirements. The Federal Ministry of Environment will extend the services of their present External Auditor for the NEWMAP project to audit the grant based on the TOR acceptable to the World Bank.

The audit would be in conformity with the Bank's audit requirements and in accordance with internationally recognized auditing standards. The auditor will express an opinion on the Financial Statements in compliance with International Standards on Auditing (ISA). The external auditors will also prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance

with financial covenants in the Grant Agreement. The audit report will be submitted to the Bank within six months after the end of the audit period.

Financial Management Arrangements

Project Financial Management System (PFMS)

The Federal Project Financial management Unit (FPFMU) will designate a government accountant who will provide financial management functions for the grant including preparing withdrawal applications, accounting and reporting on project funds and ensuring that the project financial statements are audited. The designated accountant will screen payments to ensure accuracy of the payments; prepare Interim Financial Reports (IFR) and provide financial management functions including preparation of withdrawal applications, accounting and reporting on project funds and ensuring that the project financial statements are audited. The grant will operate with the Financial Procedures Manual used for the FPFMU.

Accounting Policies and Procedures.

The grant will be accounted for by the Project on a cash basis, augmented with appropriate records and procedures to track commitments and safeguard assets. Accounting records will be maintained in dual currencies (USD and Naira).

The Chart of Accounts will facilitate the preparation of relevant reports and financial statements, including information on the following:

Total project expenditures;

Total expenditure on each project component/activity; and

Analysis of total expenditure under various categories of goods, training, consultancy and other procurement and disbursement categories.

Annual financial statements will be prepared in accordance with relevant International Public Sector Accounting Standards.

Planning and Budgeting

Cash budget preparation will follow the government procedures. Financial projections or forecasts for the life of the project (analyzed by year) will be prepared. On an annual basis, the Project Accountant in consultation with the key members of the implementing entity will prepare the cash budget for the coming period based on the work program. The cash budget should include the figures for the year analyzed by quarter. The cash budget for each quarter will reflect the detailed specifications for Project activities, schedules (including procurement plan), and expenditure on project activities scheduled respectively for the quarter. All annual cash budget will be sent to the TTL at least two months before the beginning of the Project fiscal year.

Internal Controls

The scope of internal controls will include acceptable control procedures for approval and payment processes and requires that the FME certifies the completion and acceptance of goods or services before requesting for payment. The designated government accountant will also ensure that the contracts are consistent with the invoices and payment request before processing them. In respect of operating cost activities where the FME has full control over payment processes, new advances will be processed only if previous ones are accounted for. The Accountant will monitor and report

on the utilization of project funds, including the fiduciary standards complied with and the reliability of the FM systems.

Fixed Assets Registers

The project is expected to prepare and regularly update the Fixed Assets Register using the available information in the Cash Book. The project will ensure that new assets are reflected in the asset register and periodic physical verification conducted on the assets. FME should also maintain contract register for all consultants, contractors and suppliers and Contract Status report prepared semi-annually and included as part of the IFRs.

The Fixed Assets Register will contain detail information about the assets such as details of suppliers, description and location of goods, original cost, disposal of assets, asset reference (identification) number; Serial or registration number; date of purchase and price (cost and/or valuation, additions to the asset; condition of asset, useful life, disposal and residential value.

Information Systems

All project financial management records will be maintained using an excel spreadsheet and supported by the Flexible Accounting Software in use by the NEWMAP project. The project will ensure that all transactions are properly recorded and accounted for.

Financial Reporting and Monitoring

The Financial Reports to be produced by the Project Implementing Entity will be Semi-Annual Unaudited Interim Financial Reports; and Annual Financial Statements.

The financial statements should be prepared in accordance with International Auditing Standards or international accounting standard. The IDA Grant Agreement will require the submission of audited financial statements for the project to the Bank within six months after the end of each fiscal year. In addition, semi-annual interim financial reports will be submitted within forty-five days after the end of the semester. This includes a Statement showing, period and cumulative inflows by sources and outflows by main expenditure classifications; beginning and ending cash balances of the project; and supporting schedules comparing actual and planned expenditures.

The project's Financial Statements will comprise of:

A Statement of Sources and Uses of Funds / Cash Receipts and Payments which recognizes all cash receipts, cash payments and cash balances controlled by the entity; and separately identify direct payments by the Bank on behalf of the entity. The auditors will also be expected to report on Special Account for the Grant, Statement of Expenditure; compliance with National Laws and Regulations, assets of the Grant, compliance to Bank procurement procedures; and financial performance of the project.

The Accounting Policies Adopted and Explanatory Notes. The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross referenced to any related information in the notes. Examples of this information include a summary of fixed assets by category of assets, and a summary of SOE Withdrawal Schedule, listing individual withdrawal applications; and

A Management Assertion that Bank funds have been expended in accordance with the intended purposes as specified in the Grant Agreement.

Strengths / Weaknesses

The entity has implemented other Bank financed project (CSDP and LEEMP) but the team that managed those projects are no longer available for this grant. However, the FPFMU which is a platform for financial management of Bank’s projects in Nigeria has sufficient capacity to provide fiduciary support to the grant. The grant can also leverage from the already computerized accounting system in the ministry.

Action Plan

	Action	Responsibility	Due Date
1	Open Bank Account for dollar DA and Naira Draw Down, advise Bank on Signatories and other Banking information	FME	April 30, 2015
2	Assign a government Accountant to the grant	FME	April 30, 2015
3	Engage External Auditor for the grant	FME/FPFMU	September 30, 2015

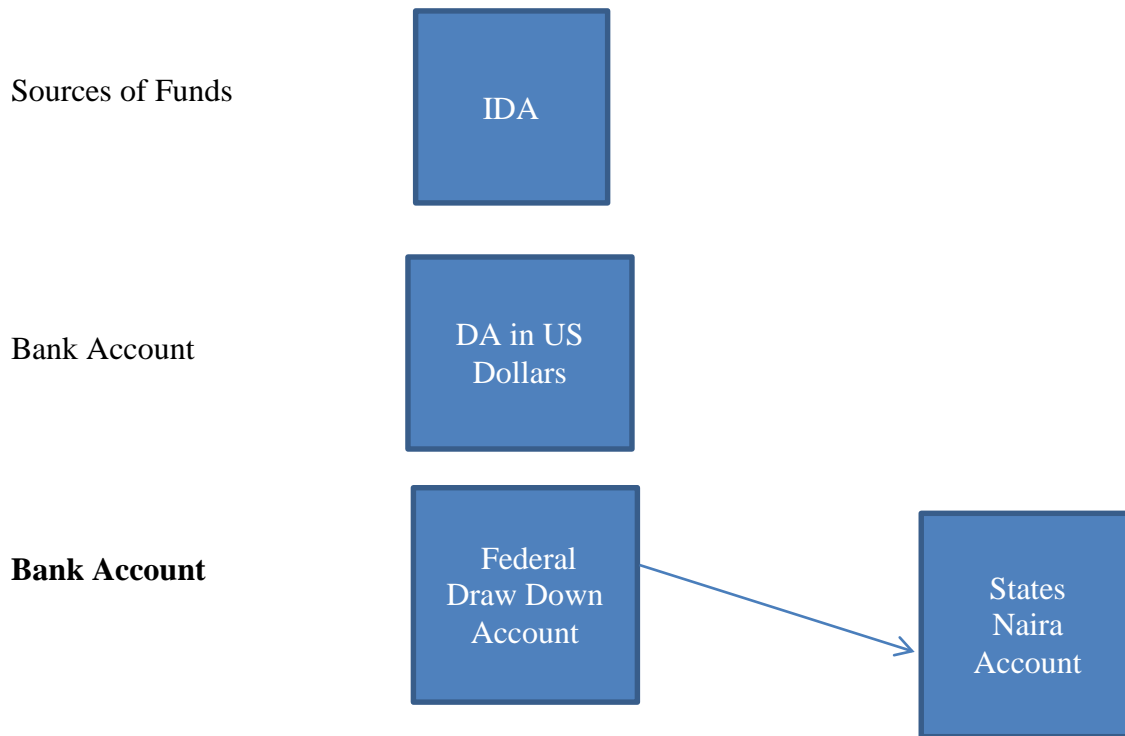
DISBURSEMENT AND FUNDS FLOW ARRANGEMENTS

The grant will use the Transaction-based Disbursement Procedures (as described in the World Bank Disbursement Handbook), i.e. advances, direct payment, reimbursement.

The World Bank would make advance disbursement from the proceeds of the grant by depositing into designated account (Federal) from which payments would be made towards project implementation. No designated account would be opened at the participating states rather a Naira account will be opened for the purposes of managing the imprest. One accountant for the States PFMU will be assigned to provide the accounting support for managing the imprest. The advance to the designated account would be used to finance eligible project expenditures under the proposed grant. All major payments for goods, works, and services under the grant will be effected directly to the beneficiary through bank transfers and checks upon request from the implementing entity. All other local expenses and payments including operating expenses would be made through the REDD bank account. The implementing entity will prepare monthly report and a budget for each month.

Upon the signing of the grant agreement and World Bank being advised of the designated account opened; and the authorized account signatories, REDD will be required to submit a withdrawal application for an initial deposit to the designated account, drawn from the IDA, in an amount to be agreed to in the Grant Agreement. Replenishment of funds by IDA to the Designated Account will be made upon evidence of satisfactory utilization of the advance, reflected in Statement of Expenditure (SOE) and/or on full documentation for SOEs. No Thresholds limits will be set for SOEs. If ineligible expenditures are found to have been made from the Designated Account, REDD will be obligated to refund the same.

The fund flow diagram will be as follows:



SUPERVISION PLAN

The FM review will be carried out within the first six months of project implementation in order to determine the first FM risk rating. Given the FM risk rating for the project, an appropriate supervision frequency will be adopted in accordance with the guidelines on supervision intensity. The FM Supervision will include the review of semi-annual IFRs; review of audited Annual Financial Statements and management letter as well as timely follow up of issues arising; and updating of the financial management rating.

RISK ASSESSMENT

The Financial Management Risk of the grant was assessed to be Moderate.

A. Risk Assessment and Mitigation

Risk	Risk Rating	Risk Measures Incorporated into Project Design	Mitigating into Negotiation, Board or effectiveness	Residual Risk Rating	
Inherent Risks					
1	Country Level: Likely weakness in the effective use of public funds and oversight on transparency and accountability.	H	Federal Government reforms in budgeting, FM systems, procurement and auditing have	None	S

			tremendously improved governance in Nigeria. This has translated in various projects at both Federal and state levels focusing on improving accountability, good governance, transparency and fighting fraud and corruption		
2	Entity Level: The risk of not having time and capacity to implement the grant	M	FMOE has implemented CSDP and LEEMP which are World Bank projects, however because team that managed those projects are no longer on ground to handle this grant. The accountant and the internal auditors would be posted from the government (FPFMU) to carry out the fiduciary responsibilities. Capacity building will be carried out both for old and new staff of the implementing entity. Steering committee will be appointed at both the Federal and the state levels to provide an oversight function on the grant.	None	M
3	Project Level: Risk of not having qualified accounting staff to provide fiduciary services	M	Adequately qualified accountant and internal auditor would be assigned from the Federal project management unit (FPFMU) to handle the fiduciary responsibilities of the grant.	None	M
Control Risk					

4	Budgeting: Failure to prepare comprehensive budgets, effectively monitor periodic budgets and incorporate project finances in budgets and financial records.	M	Budget execution to be monitored through semester Financial Report (i.e every 6 months)	Formats and arrangements for preparing semester reports agreed at first supervision mission	M
5	Accounting: Failure to appropriately account for project funds and provide full supporting documentation on all project activities.	M	The entities' computerized accounting software will be used. At state level, the state PFMU will support in rendering accounting services for the imprest.	None	M
6	Internal Control: Inadequate documentation of transactions. Compliance with laid down procedures may be ignored by management and project staff.	S	The internal audit approach will be independent and risk based. The internal audit unit of FPFMU & will carry out the internal audit services and these functions will complement the internal control environment and enforce compliance with the laid down procedures.	None	S
7	Funds Flow: Risk of delay in funds flow and diversion of project funds away from intended purposes. Inability to prepare withdrawal applications for replenishment/reimbursements	S	Funds from the World Bank will be disbursed through a Designated Account that will be opened. A Naira Draw Down current account will also be opened into which the converted dollars will be lodged and payment for eligible project expenditures made there from.	None	L
8	Financial Reporting: Delay in submitting IFRs and risk of rendering unreliable and untimely IFRs.	M	The entity will be using computerized accounting system for reporting purposes. Unaudited Interim	None	L

			Financial Report (IFR) will be produced and submitted to the World Bank within 45 days after the end of each semester. The content of the IFR will include Opening comment on the progress of the project/grant, Sources and Uses of Funds, Uses of Funds by Category, Bank accounts statements and reconciliations, physical progress report and Special Account Activity statement.		
9	Auditing: Delay in finalization and submission of annual financial statements.	M	The FME will extend the services of their present external auditor for the existing credit (NEWMAP) to cover the audit of the grant based on the TOR acceptable to the World Bank. The audit will be in accordance with the International Standards on Auditing. The Audited financial statement is expected to be submitted to the World Bank not later than 6 months after the end of each fiscal year. Two audits would be conducted throughout the life of the grant.	Content and substance of audit TOR agreed at first supervision mission.	L
10	Overall FM Risk Rating: The entity has handled World Bank Project.	M	The entity has handled previous grants under Bank support. It is expected that the experience gained from that will impact positively on the proposed grant.		M

H-High

S-Substantial

M-Moderate

L-Low

Annex XII. Procurement Assessment

1. The Department of Forestry under the Ministry of Environment is familiar with the Federal Government procurement system. Federal Ministry of Environment has adopted the procurement manuals and other relevant procurement documents of the Bureau of Public Procurement in implementing the annual approved budget of the department. This includes the tender documents, standard request for proposals, evaluation report templates etc. The Ministry of Environment has been responsible for all the procurement activities of the Department of Forestry, using the national procurement system, since there is no required procurement capacity as well as a dedicated procurement officer saddled with procurement responsibilities in the department. Like many other departments under the ministry, the department of Forestry provides the required technical inputs during the procurement process e.g. during evaluation of bidding documents and technical proposals.

2. Since the department does not have the required World Bank procurement capacity for the effective implementation of the grant, there is need for the Department of Forestry to have a dedicated Procurement Officer from the Procurement Unit of the Ministry to be supported by a procurement consultant which will be recruited by the Department of Forestry; and both will be responsible in carrying out procurement activities. This includes (a) initiating procurement processes, (b) ensuring compliance with the procurement process described in the relevant manuals; (c) preparing and updating procurement plan annually; (d) preparing bidding documents, (e) preparing Request For Proposals (RFPs), (f) evaluation reports, and contract agreements in compliance with WB procedures; and (iv) seeking clearances from IDA on procurement documents as required.

3. Procurement of goods and consultants' services will be carried out in accordance with the 'Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' dated October 15, 2006 and updated January 2011, and the 'Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits' published by the Bank in January 2011 and the 'Guidelines: Selection and Employment of Consultants by World Bank Borrowers,' dated January 2011, the Financing Agreement and the Procurement Plan approved by the Bank.

4. The key risk identified is that personnel of the Department of Forestry that will be responsible for the management of the grant lack the required experience in World Bank procurement guidelines and procedures. This circumstance could cause mis-procurement and/or challenges in the interpretation of Bank procedures, leading to slowness in taking procurement decisions, reputational risks to the Bank and the project, and delays towards attaining the project development objective.

5. The project risk for procurement will be considered as High until the adoption of the following mitigation measures: (i) an experienced and dedicated Procurement Officer from the Ministry of Environment is deployed to the Department of Forestry, and is supported with a Procurement Consultant to be recruited by the National REDD+ Secretariat to ensure compliance with World Bank procurement procedures (it is envisaged that this consultant will be hired for the first six months of implementation, to help with initiating packages for all procurement process;

the need for extending this consultancy will be assessed at a later point); both will be based within the National REDD+ Secretariat and be reporting to the project National Coordinator; (ii) a manual of administrative, financial and accounting procedures will be prepared during implementation, to clarify the role of each team member involved in the procurement process, specifically with regards to the review and approval system; (iii) a workshop will be organized at the beginning of the project to train all key stakeholders involved in procurement on World Bank procurement procedures and policies; and (iv) an effective procurement filing system will be set up for the project records at the National REDD+ Secretariat. The project will finance appropriate equipment, and the procurement officer will be trained to ensure compliance with the Bank's procurement filing manual.

Annex XIII. Detailed Budget

Activities for FCPF Funding	R-PP Component	Cost, '000 US\$
Component 1: National and State Level Readiness Management Arrangements		884
1.1 National Readiness Management Arrangements	1A	412
Operations of the National REDD+ Secretariat:		
Purchase of one vehicle		90
Purchase of equipment (ICT)		20
Travel costs of REDD+ Secretariat staff (stakeholder engagement specialist and MRV specialist)		80
Recruitment of a Procurement Consultant		46
Operational costs of National REDD+ Secretariat, Technical Committee, Programme Steering Committee, National Council on REDD+, and ad hoc working groups		100
Support to Nigeria's international engagement on REDD+		50
Project audit		10
1.2. State Level Readiness Management Arrangements	1A	398
Setting up and operation of State level Steering and Technical Committee (2 new states)		74
Recruitment of State level REDD+ Project Manager (2 new states, full-time for 3 years)		144
Purchase of equipment (ICT)		80
Operational costs of State REDD+ Units (3 years)		100
1.3 Monitoring and Reporting for REDD+ Readiness process	6	90
Design of the M&E Framework		30
Mid-Term Report		30
Completion Report		30
Component 2: Develop REDD+ Strategies and Conduct SESA	1	1,200

2.1. Improve Analytical Work and Develop REDD+ Strategies at National and State Levels		450
Deepening analytical work to inform National REDD+ Strategy: drivers of deforestation and forest degradation; assessment of forest governance and land tenure; benefit sharing		75
Development of National REDD+ Strategy		155
Review / analysis of forest acts at the federal level in view of REDD+		30
Drafting the CRS REDD+ Strategy based on the analysis and consultations already completed (with UN-REDD Programme support)		30
Analytical work to inform REDD+ State Strategies in two new states: analysis of drivers of deforestation and forest degradation in two new states & Review / analysis of forest acts in the two new states in view of REDD+		60
Drafting State-Level REDD+ Strategies (two new states)		100
2.2. SESA and Safeguards Instruments	2	750
National validation workshop for the SESA TORs		10
Analytical work on SESA - National Level		490
Development of ESMF -National Level		100
Development of ESMF – CRS		50
Development of RPF		50
Development of PF		50
Component 3 - National Reference Scenario	3	900
Develop Nigeria's National REL taking into account the national circumstances and UNFCCC guidance		
Application of decision support tool for REL developed by FCPF/ other relevant tools to inform design of REL (will involve making key decisions on inclusion of carbon pools, scope of REL, (REDD activities), scale, reference period etc.) ensuring consistency between national and subnational approaches		60
National level analysis of existing data sets/meta data/maps available, suitability of existing historical data for use in REL development and identify gaps in existing datasets (building on information in the UN-REDD study on existing data sets)		50
Collection of relevant data for REDD-plus REL/RLs Development, support for forest inventory (and sample plots), and development of emission factors for forest cover change		200

Preparation of forest base map, assessment of historical forest cover change (and future trends) over the reference period aligned to agreed approach. Purchase of satellite imagery, hardware and software to prepare the forest cover change maps, and estimated emissions.		400
Establishment and support to REL task force, and trainings for staff at national/ sub national institutions leading on REL		150
Validation workshop for REL		40
Component 4: Stakeholder Engagement, Communication, Consultation and Feedback for REDD+ Readiness Process		650
4.1. Participatory structures and stakeholder engagement	1B	100
4.2. Communication on REDD+	1C	100
4.3. Consultations on REDD+	1C	250
4.4. Feedback and Grievance Redress Mechanism	1C	200
Total for all components		3,696
Contingency		166
Grand Total		3,800

Map

