

**INTEGRATED SAFEGUARDS DATA SHEET  
(FCPF READINESS FUND)  
CONCEPT STAGE**

Report No.: 83566

**Date ISDS Prepared/Updated: December 10, 2013**

**I. BASIC INFORMATION**

FCPF Readiness activities relate to strategic planning and preparation for REDD+. Specifically, countries prepare for REDD+ by:

- i. assessing the country’s situation with respect to deforestation, forest degradation, conservation and sustainable management of forests and relevant governance issues;
- ii. identifying REDD+ strategy options;
- iii. assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
- iv. working out a reference level of historic forest cover change and greenhouse gas emissions from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions; and
- v. designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+.

The FCPF Readiness Preparation grant activity (referred to as “Project” in the ISDS) will finance some of this preparatory work; it will not finance any implementation of REDD+ activities on the ground (e.g., investments or pilot projects).

**A. Basic Project Data**

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| Country: Nicaragua                       | Project ID: P120657                    |
|  | Additional Project ID (if any):        |
| Project Name: FCPF Readiness Preparation |  |
| Task Team Leader: Augusto Garcia         |  |
| Estimated Appraisal Date:                | Estimated Board Date: To be determined |
| Managing Unit: LCSAR                     | Lending Instrument: TF Grant           |
| Sector: Forestry (AT)                    |  |
| Theme: Climate Change (81)               |  |

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|--|--------------|--------------|
| IBRD Amount (US\$m.):                                  |              |              |
| IDA Amount (US\$m.):                                   |              |              |
| GEF Amount (US\$m.):                                   |              |              |
| PCF Amount (US\$m.):                                   |              |              |
| FCPF Amount (US\$m.): US\$ 3,600,000                   |              |              |
| Other financing amounts by source:                     |              |              |
| GIZ US\$ 345,000 (estimated for the first 18 months)   |              |              |
| USAID US\$ 500,000 (estimated for the first 18 months) |              |              |
| Environmental Category:                                |              |              |
| Simplified Processing                                  | Simple [ x ] | Repeater [ ] |
| Is this a transferred project                          | Yes [ x ]    | No [ ]       |

Note: Based on its ongoing arrangements with the GIZ and USAID programs supporting REDD+ initiatives in Central America, MARENA expects that the GIZ and USAID total contributions over the period 2012-2016 reaches US\$1.5 million per donor. In such case, the financing gap of US\$6.6 million could be reduced to US\$4.5 million. Besides looking for additional support by other donors, MARENA intends to apply for additional financing from the FCPF, subject to a successful mid-term review of the proposed FCPF preparation grant.

**B. Project Objectives [from section 2 of R-PP Assessment Note]:**

The overall objective of the proposed World Bank/FCPF engagement in Nicaragua is: *to help Nicaragua become ready for future REDD+ implementation by preparing those key elements, systems, and/or policies needed, generally referred to as the “REDD+ Readiness Package”, in a socially and environmentally sound manner.*

The REDD+ Readiness Preparation grant will provide additional funding to support Nicaragua in carrying out some of the activities outlined in its R-PP, as assessed in this Note. The grant will fund only a portion of the R-PP activities, but will help Nicaragua progress towards achieving REDD+ Readiness, even though the country may not reach this stage until well after the grant closes. Based on the activities outlined in the R-PP, it is expected that the country would be able to participate in future REDD+ mechanisms.

**C. Project Description [from section 3 of R-PP Assessment Note]:**

Nicaragua is a participant of the FCPF. The FCPF Participants’ Committee has endorsed the R-PP presented by Nicaragua. Since August 22, 2011, the Ministry of Environment and Natural Resources of Nicaragua (MARENA) is implementing a grant<sup>1</sup> to formulate the country’s R-PP. The country submitted its R-PP for formal consideration at the 13th meeting of the FCPF Participants Committee (PC) in late June, 2012. The R-PP received positive evaluation and the PC issued a Resolution with final recommendations to improve the document and granted access of Nicaragua to the REDD+ Readiness Implementation grant (additional US\$3,6M), once the country adjusted the R-PP and submitted it to the FCPF for completeness check. The FCPF

<sup>1</sup> Nicaragua already received a US\$200,000 grant from the FCPF (TF 099264), as seed money to formulate the R-PP. This formulation grant closes in September 30, 2013.

Facility Management Team (FMT) confirmed the completeness check in late March, 2013, and the Bank carried out its multi-disciplinary due diligence process to proceed with the REDD+ Readiness Grant, including the drafting of the current Assessment Note, the Integrated Safeguards Data Sheet (ISDS), and the Project Information Document (PID).

The REDD+ readiness process in Nicaragua will seek to align public institutions, civil society organizations and the private sector within a coherent national strategy to reduce forest degradation and deforestation, namely the ENDE/REDD+ Strategy. To achieve this objective it will trigger a trans-sectorial dialogue process involving all relevant sectors and actors affecting forests, raising awareness and providing information to highest political and societal decision makers to harmonize sectorial policies and regulations towards the goal of reducing deforestation and forest degradation. Coordination and complementarity will be pursued to enhance the presence of all layers of the government at territorial level, improve governance and law enforcement, as well as to design a Compensation for Environmental Services (CES) scheme for forest owners that conserve and use them in a sustainable way.

The policies, programs and other interventions to reduce emissions from deforestation and forest degradation and promote the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks will be defined through studies and consultations during the readiness preparation phase.

The specific REDD preparation activities Nicaragua intends to carry out in preparing its Readiness Package are described in the R-PP, and include: strategy development through stakeholder consultations, analytical work, capacity-building, a Strategic Environmental and Social Assessment (SESA), and technical work to establish a national forest Reference Emission Level/Reference Level and monitoring system. These activities are funded by the FCPF Readiness Preparation Grant of \$3.6 million. Other support is expected by Nicaragua from the GIZ-REDD+ Program for Central America and the Dominican Republic (approx. US\$345,000), and support from the USAID Regional Climate Change Program for Central American<sup>2</sup> to support REDD+ (approx. US\$500,000), in addition to the national government and possibly other donors. Also, Nicaragua is interested in accessing additional FCPF funding (up to US\$5 million) after the mid-term review, as established in the FCPF, based on the assessment that significant progress has been made in the preparation of the ENDE-REDD+. Activities to be financed by the FCPF would not include any physical investment or the implementation of any REDD program on the ground.

## **Project Components**

This Trust Fund will support different specific activities in five components (related to similar components under the Nicaragua R-PP): (i) ENDE-REDD+ Readiness Organization and Consultation; (ii) Preparing the ENDE-REDD+ Strategy; (iii) Developing a National Forest Reference Emissions Level; (iv) Designing a National Forest Monitoring System and

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<sup>2</sup> This program is part of US development policy on the Global Climate Change Initiative (GCCII). Support to REDD+ initiatives is under the component on Sustainable Landscapes.

Information on Safeguards; and (v) Designing a Program Monitoring and Evaluation Framework.

**Component One: ENDE-REDD+ Readiness Organization and Consultation (US\$ 1.77 million)**

This component will support the PDO by helping establish the ENDE-REDD+ Coordination Unit (GTRE) and the platform to exchange information and conduct early dialogue activities with key stakeholders is established and functioning. Of particular interest, given the process started during R-PP formulation, the project will enhance participation of indigenous communities of the Caribbean Coast of Nicaragua in the national ENDE-REDD+ process, as well as through adequate consultations.

**Activities to be financed would include provision of technical advice, operational costs, training and workshops, and goods for institutional strengthening towards:** (i) promoting and supporting the dialogue and coordination among relevant stakeholders on REDD+ related matters; (ii) carrying out of consultations, in-country and international capacity building with relevant stakeholders to ensure their adequate participation in Readiness Preparation Activities in accordance with an appropriate consultation and participation plan; and (iii) assessing existing feedback and grievance redress mechanisms and, as necessary, bolstering and/or establishing such mechanisms to meet the needs of people who may be affected by REDD+.

**Component Two: Preparing the ENDE-REDD+ Strategy (US\$ 1.08 million)**

This component will support the PDO by preparing the operational Manual of the three-level ENDE-REDD+ governance mechanism and designing the ENDE-REDD+ Redress and Conflict Resolution Mechanism. This component will also contribute to prepare and discuss the draft ENDE-REDD+ Strategy document (including the proposed strategic options and the implementation framework to address the causes of deforestation and forest degradation) on the basis of broad consultation, and prepare a study on the direct and indirect causes of deforestation and forest degradation, land use, forest legislation, policies and governance. Moreover, this component will finance the carrying out of the Strategic Environmental and Social Assessment (SESA) to draft the Environmental and Social Management Framework (ESMF).

**Activities to be financed would include consultancies, training and workshops to:** (i) prepare and discuss assessments of land use, causes of deforestation, forest policy and governance; (ii) strengthen REDD-related institutions to enhance their capacity to carry out strategic and territorial planning and policy analysis; (iii) improve and promote control and regulation systems, innovative technologies, knowledge management, as well as environmental awareness in the forestry and agriculture sectors; (iv) design guidelines and regulations for REDD+ arrangements, as well as tools and procedures to monitor benefits and co-benefits resulting from REDD+ activities; and carry out an assessment of potential strategic environmental and social impacts that may arise from future REDD+ activities and/or projects and/or strategies in compliance with World Bank's Safeguard Policies ("Strategic Environmental and Social Assessment").

**Component Three: Developing a National Forest Reference Emissions Level (US\$ 0.16 million)**

This component will support the PDO by preparing: an assessment on the available institutional information and capacity to calculate deforestation rates and forest carbon emissions and other co-benefits; a study on the required institutional capacity development to prepare the National Forest Reference Emission Level and its further monitoring, and a standard methodology and a protocol for a Reference Scenario and baseline on deforestation and emissions.

**Activities to be financed would include goods, consultancies, training and workshops to:** (i) strengthen institutional capacity of REDD+ institutions; (ii) analyze reference level data and level of precision of the data produced by national institutions through a study on estimations of forest biomass; and (iii) prepare and consult a final proposal of the national reference scenario.

#### **Component Four: Designing a National Forest Monitoring System and Information on Safeguards (US\$ 0.46 million)**

This component will support the PDO by contributing to design a multi-purpose National Forest Monitoring System and reinforce the capacity of ENDE-REDD+ institutions to carry out monitoring activities.

**Activities to be financed include consultancies, training, workshops, and goods to:** (i) improve available equipment and staff knowledge in REDD+ institutions as part of the creation of a national planning system on forest resources and an information system on the multiple benefits resulting from REDD+ activities; (ii) prepare a plan to monitor socio-economic and environmental impacts; (iii) establish and carbon forest accounting system; (iv) improve harmonization on the process to estimate forest coverage and forest carbon, the database on forest resources, and the update of the national forest map and inventory.

#### **Component Five: Designing a Program Monitoring and Evaluation Framework (US\$ 0.13 million)**

This component will support the PDO by ensuring a comprehensive monitoring and external evaluation of the progress and results achieved by the ENDE-REDD+ process in Nicaragua. **The main activities to be financed will include consultancies, training, and workshops to:** (i) develop a monitoring and evaluation system and commission the mid-term independent evaluation (to be presented at the FCPF PC meetings) and the evaluation of the main products for the R-Package.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known):**

The FCPF Readiness Preparation Grant does not entail physical investments or pilot projects on the ground. Instead, the grant will finance a number of analytical and diagnostic studies as well as a series of consultation meetings and workshops with relevant stakeholders. While Readiness Preparation is conceived as mostly strategic planning at this stage, key policy and regulatory precedents are being set at the readiness phase that will have downstream impact at the national level once the national REDD+ strategy is ready to be implemented. The activities of the Grant itself will not have specific impacts per se but may lead to recommendations for actions in the future which could bring such risks which will be assessed during the Grant period. The

analytical and diagnostic studies as well as the consultation meetings and workshops that will be financed under this Grant will be used to address any potential risks and/or negative impacts associated with the actions being considered for the National REDD+ Strategy.

#### **E. Borrower's Institutional Capacity for Safeguard Policies:**

MARENA is the National Environmental Authority of Nicaragua. It formulates, proposes, manages, and supervises compliance with national environmental policies, such as the Environmental Impact Assessment. MARENA has a number of experienced staff that worked on the GEF-funded CORAZON Project (presently closed). This staff was retained to work on the ongoing Adaptation of Nicaragua's Water Supplies to Climate Change project. All have adequate experience in compliance with World Bank Safeguard Policies. The Climate Change Office, which has recently started collaboration with World Bank, has limited experience with the Bank's safeguard policies.

For implementation of the REDD+ strategy, it will be necessary to provide support to: (a) MARENA's Climate Change Office with one full-time environmental staff to deal with future project activities and environmental requirements, as well as supervision. Incremental budget for compliance with environmental and social safeguards will need to be incorporated in this project.

As REDD+ involves a wide-range of stakeholders, interests may differ and the national REDD+ process may require negotiation as part of the consultation process. The potential need for mediation and management of conflict among stakeholders is taken into account throughout the process and expertise will be sought for in this area. Budget is allocated to recruit social development expertise in order to lead the multi-stakeholder and multi-level consultation process.

#### **F. Environmental and Social Safeguards Specialists on the Team:**

Mi Hyun Miriam Bae (Senior Social Development Specialist, LCSSO)

Abdelaziz Lagnaoui (Senior Environmental Specialist, LCSEN)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

The FCPF Readiness Preparation grant must comply with World Bank safeguard policies regarding the management of environmental and social impacts. This grant 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 Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness 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; and (iii) an Environmental and Social Management Framework (ESMF)

to be put in place to manage environmental and social risks and to mitigate potential adverse impacts. The SESA guidelines have been integrated into the R-PP template.

MARENA has initially identified stakeholders at the national level, comprising of a number of broadly defined stakeholder groups, namely: (i) government agencies at the national; (ii) regional governments (i.e. RAAS and RAAN); (iii) academia and research institutes; (iv) NGOs and civil society; (v) indigenous peoples traditional structures and organizations; (vi) *campesino* communities and organizations; (vii) private sector; (viii) local communities; and, (ix) producers (agriculture and livestock). The stakeholder mapping will be further strengthened by identifying and analyzing the broad range of stakeholder groups at the regional and local levels.

MARENA organized a series of preparatory SESA workshops at the regional and national levels since October 2012 to gather stakeholder feedback on the proposed REDD+ strategic options. Additionally, a National SESA Workshop was carried out (April 29, 2013) utilizing a differentiated stakeholder methodology to guide the discussions in identifying the risks and benefits of each proposed REDD+ option and the drivers of deforestation (please see the workshop proceedings on MARENA's website for a summary of outcomes and responses from MARENA to stakeholder comments). A follow-up sectorial SESA workshop will be carried out (July, 2013) gathering the livestock and agricultural producers for their inputs and concerns regarding the process as they were not present in the National SESA Workshop (please see summary table below). The National SESA Workshop proceedings were disseminated to stakeholders on June 13, 2013 and are currently available on MARENA's website ([www.marena.gob.ni](http://www.marena.gob.ni)).

| SESA Workshops  | Stakeholder Participation   | Methodology   |
|---|---|---|
| <b>Dialogue on the preparation of the ENDE-REDD+ and Subnational Proposal from RAAS, Bluefields (October 9, 2012)</b> | Focus on stakeholders from the RAAS: Regional autonomous government (North and South); Regional university; Regional NGOs; Regional delegations of INFOR and MARENA; indigenous territorial governments; Municipal Governments; Military; Police. | Presentation of the ENDE-REDD+ proposal and solicit feedback to incorporate RAAS regional views. Group discussion on the following 4 topics: (i) analysis of deforestation baseline; (ii) adequacy of proposed strategic options; (iii) social analysis, focusing on indigenous peoples rights; and, (iv) monitoring. |
| <b>Regional SESA, Bilwi (October 17, 20-12)</b>   | Focus on stakeholders from the RAAN: Regional autonomous government (North and South); NGOs; government; indigenous territorial governments; indigenous communities; local government; university; small producers.                               | Issue-scoping exercise divided in 5 groups among stakeholders. Each group concentrated in each strategic option: (i) forest governance; (ii) regulatory framework; (iii) commercial planning; (iv) incentives; and, (v) territorial governance.   |
| <b>Workshop on Information Systems and SESA, Managua (October 25-26, 2012)</b>  | Indigenous peoples; NGOs; Private sector; Research institute;   | Issue-scoping exercise divided in 5 groups among stakeholders. Each group concentrated in each  |

|   |  |  |
|---|--|--|
|   | Government.  | strategic option: (i) forest governance; (ii) regulatory framework; (iii) commercial planning; (iv) incentives; and, (v) territorial governance.   |
| <b>National SESA Workshop, Managua (April 29, 2013)</b> | Broad range of stakeholders at the national and regional levels. | Issue-scoping exercise and identifying drivers of deforestation conducted by stakeholder group profiles. Workshop gathered differentiated feedback by stakeholder group on all strategic options: (i) Regional government representatives (RAAN and RAAS); (ii) University and private sector; (iii) NGOs and Donors; (iv) indigenous territorial governments from both RAAN and RAAS; (v) indigenous peoples from PCN and Alto Coco; and, (vi) institutions, associations and municipalities. |
| <b>Sectorial SESA Workshop, Managua (June 13, 2013)</b> | Stakeholders from the agriculture and livestock sectors.         | Issue-scoping exercise on the risks and benefits of the strategic options as well as identifying the drivers of deforestation.   |

Based on the inputs and feedback received through the various SESA workshops, MARENA prepared a draft SESA Work Plan that outlines the steps of the SESA process throughout the readiness phase and proposes a series of analytical and diagnostic studies on (i) a comprehensive identification of stakeholders at the regional and national level; (ii) a social assessment of indigenous peoples; (iii) an analysis of capacity needs for stakeholders; (iv) an analysis of women's role in the forestry sector, among others. The draft SESA Work Plan outlines a participatory process throughout the readiness phase in providing feedback and inputs from stakeholders as the design of the ENDE-REDD+ progresses with an estimated timeline to continue until the end of 2015. The draft SESA Work Plan was disseminated to the stakeholders on June 17, 2013, and will serve as a live document subject to revision as the design of the ENDE-REDD+ evolves.

| <b>Safeguard Policies Triggered</b> <i>(please explain why)</i>   | <b>Yes</b> | <b>No</b> | <b>TBD</b> |
|---|------------|-----------|------------|
| <b>Environmental Assessment (OP/BP 4.01)</b>  | <b>x</b>   |           |            |
| The policy on Environmental Assessment (OP/BP 4.01) is triggered due to the critical nature of strategic options and choices being considered under REDD+. The explicit goal of the REDD+ strategy is to promote the reduction in rates of deforestation and degradation by rewarding measures to protect and conserve forests, the environmental impacts of the strategy are expected to be mostly positive. Nevertheless, if the strategy fails to achieve its objectives, indirect adverse impacts, through the unintended creation of incentives to clear forests for other purposes, are likely to occur. The Strategic Environmental and Social Assessment (SESA) will document the environmental benefits and risks of the REDD+ strategy. The SESA will assess key social and environmental risks and potential impacts associated with REDD+, and will develop a management framework (ESMF) to manage and mitigate any possible risks and potential impacts during the implementation phase. The SESA process will include its own consultation |            |           |            |

| <b>Safeguard Policies Triggered</b> ( <i>please explain why</i> )   | <b>Yes</b> | <b>No</b> | <b>TBD</b> |
|---|------------|-----------|------------|
| process that has been initiated during the preparation of the SESA workplan.  |            |           |            |
| <b>Natural Habitats (OP/BP 4.04)</b>  | <b>x</b>   |           |            |
| The policy on Natural Habitats (OP/BP 4.04) will apply considering that the REDD+ strategy will likely involve work both within existing protected areas as well as other forest habitats of varying significance. The SESA will evaluate the possible risks associated with strategic options on forest habitats within protected areas as well as other sensitive forest habitats under private or communal control. The ESMF will include provisions to assess possible impacts prior to any actions being undertaken on the ground. Monitoring activities will be established during implementation to ensure that critical natural habitats are not adversely affected.        |            |           |            |
| <b>Forests (OP/BP 4.36)</b>   | <b>x</b>   |           |            |
| The policy on Forests (OP/BP 4.36) will apply considering the importance of REDD+ as part of Nicaragua's long term forest and environmental management programs and due to the great importance of forests to the livelihoods and well-being of local communities, indigenous people and afro-descendant people. During the preparation phase, forestry and rural development initiatives associated with REDD+ will be evaluated in order to ensure lessons are incorporated early in the design and key social and environmental risks and potential impacts associated with REDD+ are considered in the ESMF. The R_PP will not finance the harvesting or conversion of forests. |            |           |            |
| <b>Pest Management (OP 4.09)</b>  | <b>x</b>   |           |            |
| The policy on Pest Management (OP 4.09) is triggered since it is conceivable that some forest management practices may involve pesticide use. At present it is not envisioned that the REDD+ strategy would finance or lead to an increased use of pesticides or other agricultural chemicals. The SESA will evaluate the potential for such use of chemicals in forest management and, if necessary, appropriate guidelines and analytical approaches would be defined in the ESMF or other appropriate safeguard instrument.  |            |           |            |
| <b>Physical Cultural Resources (OP/BP 4.11)</b>   | <b>x</b>   |           |            |
| The policy on Physical Cultural Resources (OP 4.11) will apply given the uncertainty regarding the exact locations of activities to be carried out under the REDD+ Strategy. Some forests or landscapes concerned by the REDD+ strategy might be considered to have historical or cultural significance such as spirit forests, sacred valleys or other features of the natural landscape. The ESMF or other safeguard instrument would include specific provisions to assess the potential impacts on forests, sacred valleys or landscapes considered to have historical or cultural significance prior to any activities being undertaken on the ground.                         |            |           |            |
| <b>Indigenous Peoples (OP/BP 4.10)</b>  | <b>x</b>   |           |            |
| SESA (Strategic Environmental and Social Assessment) will be conducted during the readiness phase with the participation of indigenous peoples in identifying the key issues and providing recommendations for the design of the ENDE-REDD+. As part of the formulation phase, indigenous peoples participated in the regional and national SESA workshops where they assessed the risks and benefits of the proposed REDD+ strategic options from their own perspective and contextual realities. In regards to the feedback received during early dialogue specifically from indigenous peoples, the lack of recognition of collective property was                               |            |           |            |

| <b>Safeguard Policies Triggered</b> ( <i>please explain why</i> )  | <b>Yes</b> | <b>No</b> | <b>TBD</b> |
|--|------------|-----------|------------|
| <p>identified as a direct cause of deforestation in addition to those proposed in the R-PP. Indigenous peoples also identified the risks that the proposed strategic options may pose: (i) insufficient involvement of indigenous peoples during the design process and their issues not included in the ENDE-REDD+; (ii) strategy may not take into account the cultural aspects of indigenous peoples in managing their land and resources; (iii) lack of clarity on who makes the decision on the land and its resources; (iv) insufficient knowledge and recognition of indigenous peoples' own decision making processes; and, (v) indigenous peoples territories and their governance may be undermined due to lack of recognition of land rights, among others. The R-PP proposes the mechanisms to design the ENDE-REDD+ with the full participation of indigenous peoples and their authorities. The ENDE-REDD+ will support further clarity and recognition of indigenous peoples land rights, strengthen their governance structures, and support the management of their own natural resources taking into account cultural and traditional visions and practices. Moreover, the grant will support the design and establishment of a grievance redress mechanism as a structure that will be accessible to the broad range of stakeholders at the national and regional levels. This mechanism will be designed in close coordination with both north and south regional autonomous governments of the Caribbean Coast of Nicaragua. The grievance redress mechanism for REDD+ will also take into account community and traditional conflict resolution mechanisms. Also, MARENA plans to carry out the required social assessment and prepare an Indigenous Peoples Planning Framework (IPPF) and undertake free, prior and informed consultations with indigenous peoples' communities to comply with the Indigenous Peoples policy, as a specific chapter of the ESMF. Under this policy, Indigenous Peoples communities affected by REDD+ Strategy must provide their "Broad Community Support." Nicaragua has also committed to comply with its obligations under ILO Convention 169 on Indigenous and Tribal Peoples. The IPPF to be prepared as part of the ESMF will be disclosed as a stand-alone document.</p> |            |           |            |
| <b>Involuntary Resettlement (OP/BP 4.12)</b>   | <b>x</b>   |           |            |
| <p>During the readiness phase, SESA will look into the outstanding land issues. An RPF, as part of the ESMF, will be prepared in the event that resettlement of non-indigenous and non-afrodescendant persons from the collective territories occurs. SESA also plans to assess the potential restrictions of access to natural resources as part of the design phase of the ENDE-REDD+ and provide the adequate recommendations from the perspective of stakeholders. MARENA will prepare the required Process Framework (PF) in close consultations with indigenous peoples, <i>campesino</i> and other local communities. The PF will help manage the potential risk of restriction of access to forest resources. The PF will be prepared as a specific chapter of the ESMF. <i>Campesinos</i> and farmers' organizations have been identified in the map of stakeholders. Given the potential implications of the REDD+ Strategy in <i>campesinos</i> and livestock farmers' livelihoods, the readiness phase envisages continuous consultations with and enhanced participation of relevant stakeholders within this group in REDD policy-making. The agriculture and livestock sectors, and <i>campesino</i> representatives (i.e. the National Livestock Commission – CONAGAN, the National Federation of Farmers – UNAG, and others) are participating in several instances of the REDD+ governance mechanism. During the REDD+ preparation phase their participation at local and national levels will be promoted.</p>  |            |           |            |
| <b>Safety of Dams (OP/BP 4.37)</b>   |            | <b>x</b>  |            |
| <p>This policy is not triggered as the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the services of existing dams.</p>  |            |           |            |

| <b>Safeguard Policies Triggered</b> <i>(please explain why)</i>   | <b>Yes</b> | <b>No</b> | <b>TBD</b> |
|---|------------|-----------|------------|
| <b>Projects on International Waterways (OP/BP 7.50)</b>   |            | <b>x</b>  |            |
| This policy is not triggered because the grant will not support investments that affect international waterways as defined by the policy.                       |            |           |            |
| <b>Projects in Disputed Areas (OP/BP 7.60)</b>  |            |           | <b>x</b>   |
| Given that the exact location of activities is not yet known, a definitive decision on the question of whether or not to trigger the policy cannot yet be made. |            |           |            |
| <b>Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)</b>                        |            | <b>x</b>  |            |

### III. SAFEGUARD PREPARATION PLAN

**A. Target date for review meeting of REDD Country’s mid-term progress report, at which time the ISDS may be updated as needed:** June, 2015

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>3</sup> should be specified in the initial ISDS and/or updated ISDS:**

The main safeguard instrument to be used is the SESA that will serve to document the environmental and social benefits and risks of the REDD+ strategy based on a participatory approach. The SESA will be the analytical tool used to identify and assess the potential social and environmental risks and potential impacts associated with the REDD+ strategic options. One of the main products of the SESA process will be an Environmental and Social Management Framework (ESMF), that will be prepared as an operational tool to manage risks and impacts and maximize the potential benefits of any future REDD+ investments. The ESMF is intended to be a live document that may evolve and be updated over time when new REDD + strategy options and projects or activities (including investments), or policies/regulations are identified during implementation of REDD+. The SESA addresses the key environmental and social issues associated with the analysis and preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. The SESA will ensure that a careful assessment is carried out to determine the risks to continued deforestation and forest degradation as a result of decisions taken outside of the direct control of the forest administration. A draft SESA workplan has been prepared based on the feedback and initial analysis of stakeholders. This workplan refers to the continuous nature of this process (expected to last until the end of 2015), outlining participation milestones and proposing areas for further assessment. In this manner SESA can ensure compliance with World Bank’s environmental and social safeguards.

<sup>3</sup> Reminder: The Bank’s Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

The budget allocated under component two for the Social and Environmental Impacts (SESA and ESMF) will finance activities that are outlined in the National SESA Work plan, including analytical studies to evaluate possible social and environmental impacts associated with the REDD+ strategic options, based on a participatory process.

The component on information, early dialogue, and participation of key stakeholders (Component One) will facilitate the participatory SESA process as it will be financing the development and implementation of a communication, participation and consultation strategies that will include specific guidelines and activities for the engagement with indigenous peoples and other key stakeholders. In addition, funds have been specifically allocated for the development of the national Grievance Redress Mechanism (GRM). In terms of activities, the component will finance the provision of technical advice, operational costs, training and workshops, and goods for institutional strengthening, and design of materials to support the SESA process and the preparation of the ESMF.

It is expected that an Environmental and Social Management Framework (ESMF) will be prepared based on the participation of key stakeholders and as an outcome of the SESA process. The ESMF will identify and build upon relevant national systems for environmental and social assessments, land acquisition, resettlement and Indigenous peoples.

#### IV. APPROVALS

|   |                                       |                        |
|---|---------------------------------------|------------------------|
| <i>Signed and submitted by:</i>         |                                       |                        |
| <b>Task Team Leader:</b>                | <b>Name: Augusto Garcia</b>           | <b>Date 12/13/2013</b> |
| <i>Approved by:</i>                     |                                       |                        |
| <b>Regional Safeguards Coordinator:</b> | <b>Name: Dianna Pizarro (acting)</b>  | <b>Date 12/13/2013</b> |
| <b>Comments:</b>                        |                                       |                        |
| <b>Sector Manager:</b>                  | <b>Name: Renato Nardello (acting)</b> | <b>Date 12/13/2013</b> |
| <b>Comments:</b>                        |                                       |                        |