

Guatemala Emission Reductions Program : Overview of ER-PD

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With the support of:



Government of Guatemala, July 2019

Content

1. **Management and implementation**
2. **Program area and justification**
3. **Deforestation and degradation drivers**
4. **Strategic actions**
5. **Dialogue and participation**
6. **Operational and financial planning**
7. **REL/NRF and MRV**
8. **Social and environmental safeguards**
9. **Program REDD+ benefits**
10. **Transfer of title over ERs**
11. **REDD+ registry**

Management and implementation of National REDD+ Program

REDD+ Program is based on Guatemala forest governance

Program Entity

Ministry of Finances (MINFIN)

- In charge of public finance
- Signatory of ERPA; ERPA management



Implementation roles

Ministry of Environment and Natural Resources (MARN)

- Focal Point CMNUCC
- Special Execution Unit - Registry



Ministry of Agriculture, Livestock and Food (MAGA)

- Enabling activities
- Agricultural and livestock reports



National Forest Institute (INAB)

- Direct activities: forest incentives (PINPEP/PROBOSQUE)
- MRV outside protected areas



Protected Areas National Council (CONAP)

- Activities in protected areas
- MRV in protected areas
- GuateCarbon early REDD+ project



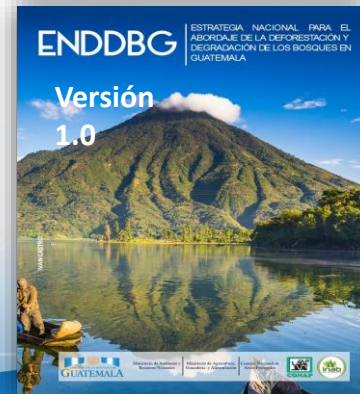
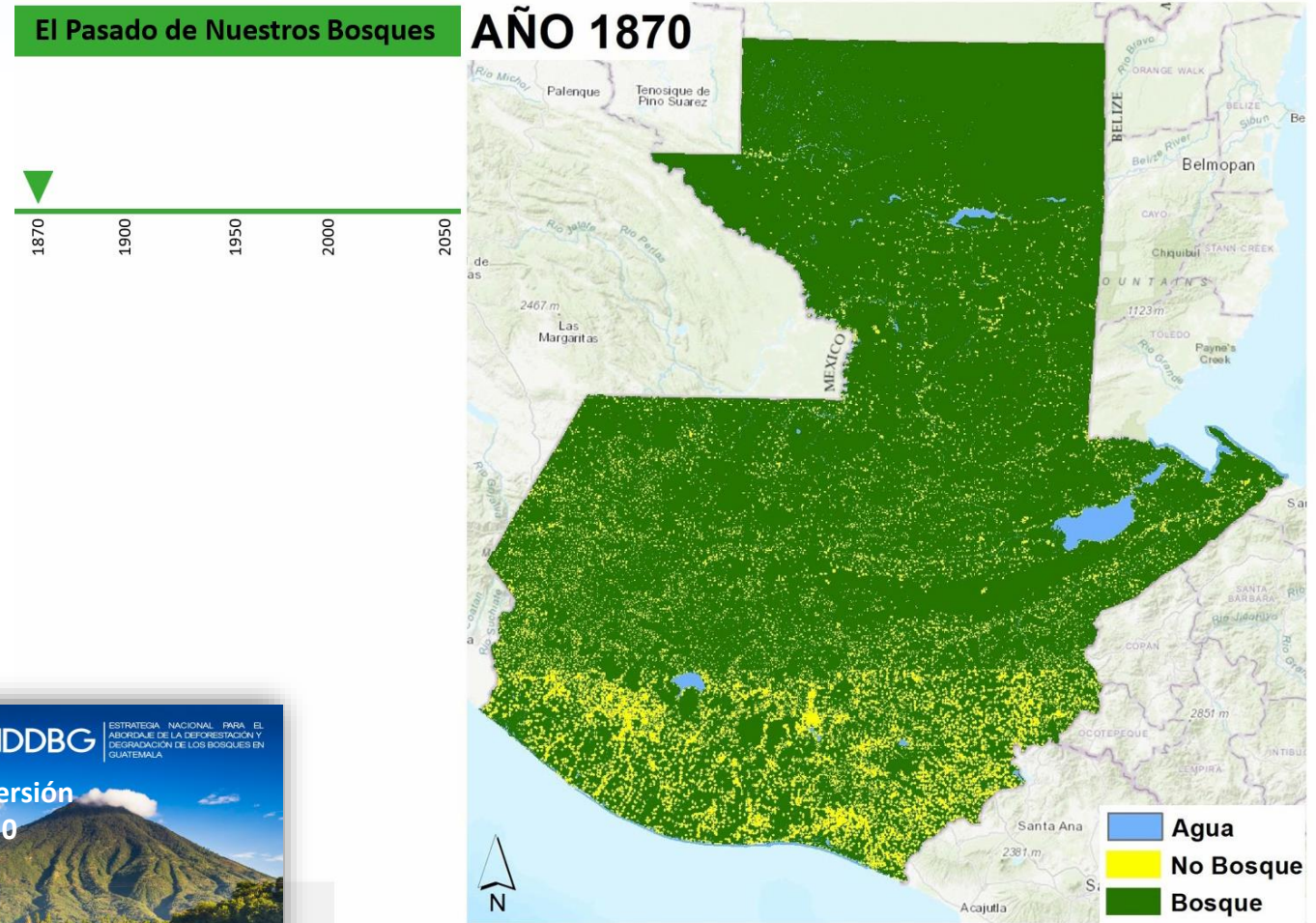
Support Programs

- Compensation mechanisms, PROBOSQUE
- Restoration, protection and conservation Program CONAP
- FIP Program
- REDD+ early projects



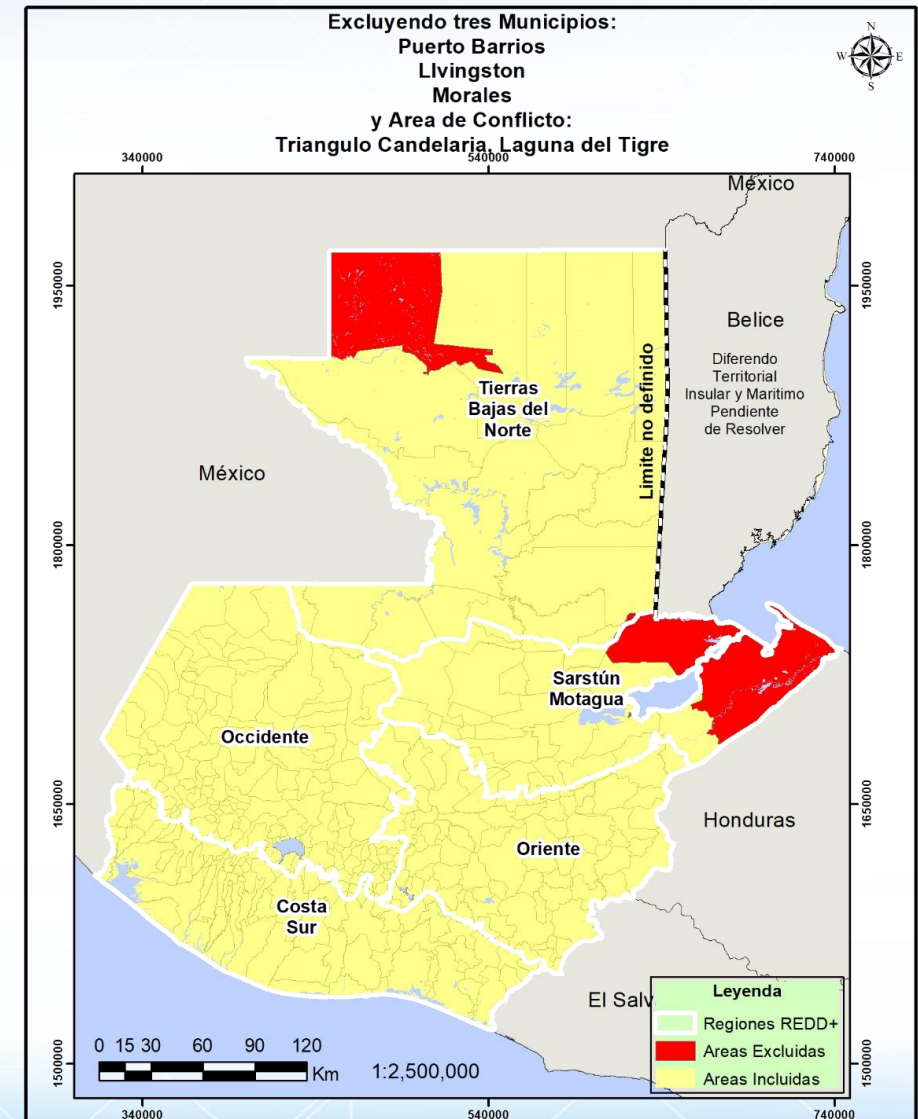
REDD+ Program is key to supporting the path of sustainable development and mitigating climate change

- The LULUCF sector represents **27% of the country's total annual emissions.**
 - Between 1950 and 2010, **53.4% of the forest area was lost.**
 - Since 2006, 31.2% of the deforestation take place in protected areas.
- The REDD+ Program has a **duration of 30 years**
 - **First 5 years = Carbon Fund**
- The Programme will contribute to achieving 21% of the NDC



Accounting area of the REDD+ Program

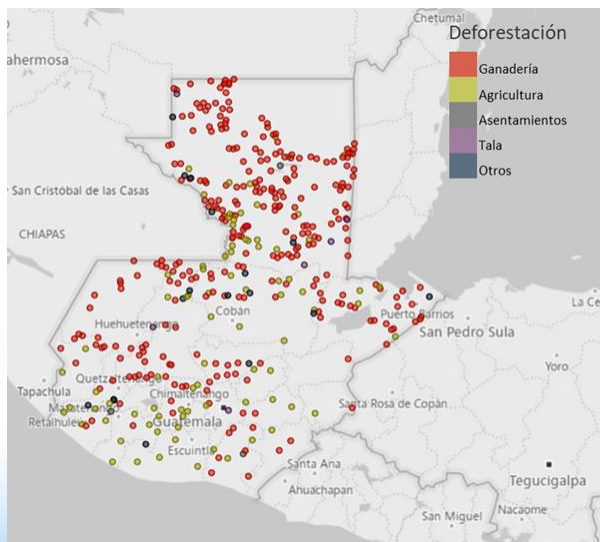
- Sub-national national emission reduction accounting area
- Sub-national level contains 3.3 millions ha of forest representing :
 - 92% of the country's forests
 - Of these 51.9% in protected areas



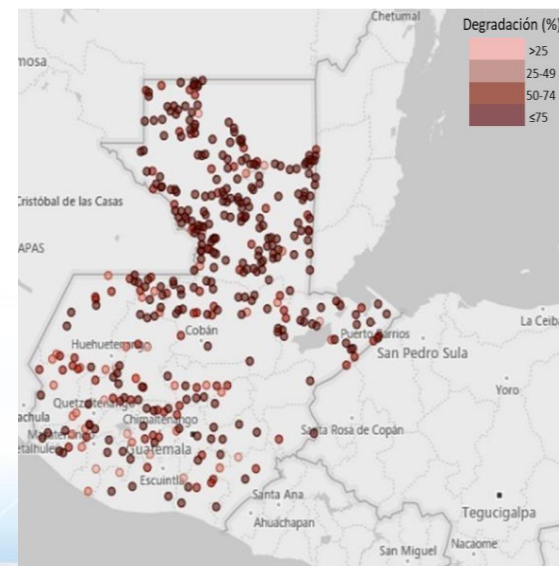
Drivers of deforestation and degradation

Annual historical deforestation ~ 32,000 ha (2006-2016):

- **Livestock causing 73%**
 - Land grabbing and usurpation by illegal activities, economic dependence on activity, lack of land use planning
- **Agriculture causing 21%**
 - High demand for agro-industrial products, lack of land management, low forest valuation, smallholder tenure, itinerant agricultural production, land invasion, extreme poverty



Annual historical degradation ~ 15,000 ha (2006-2016):



Main barriers to REDD+ implementation

Technical-financial

- Weak presence of forestry authority and weak governance in regions
- Weak articulation of policies to address deforestation and degradation
- Lack of spatial planning

Administrative, political and legal

- Lack of research, education and training in forestry and agroforestry
- Lack of adequate financial instruments for the forest sector
- Limited budget allocation for incentive programs

Socio-economic

- Poverty and extreme poverty
- Low development of rural areas resulting in high dependence on firewood, unsustainable subsistence farming and livestock activities.
- Low forest valuation

REDD+ Program Actions: strategic options

- Respond to drivers of deforestation/degradation and national legal framework
- Implementation: REDD+ projects, FIP, DGM, Compensation Mechanism PROBOSQUE, SIGAP and initiatives under development (Sustainable Livestock, NAMA Efficient Use of Firewood)

Conservation, protection and sustainable management

- Ecosystem services payment mechanisms
- Strengthen conservation, valuation, use and improvement of biological diversity
- Effectively protect, conserve, manage and administer protected areas
- Management and administration of protected areas
- Prevention and control of forest fires
- Protection against pests and diseases

Competitiveness and forest legality

- Development of value chains of forest products and by-products
- Promote agroforestry systems and plantations
- Promote sustainable management in natural forest



Strengthening forest governance

- Homologate regulatory framework for sustainable forest use
- Strengthen forest public services
- Stakeholder coordination and participation to reduce illegal logging
- Reinforce information and monitoring systems
- Prevention and control of illicit activities
- Municipal and communal strengthening
Institutional strengthening

Reducing unsustainable use of firewood

- Promote sustainable and efficient use of firewood

Restoration and recovery of coverage

- Promotion of sustainable bovine animal husbandry
- Forest restoration measures

Dialogue and participation with stakeholders



The dialogues on the REDD+ strategy/programme will be completed during the 2nd semester of 2019.

The Dialogue and Participation Plan of the REDD+ Program fulfills the 8 steps of the FCPF and builds on previous experience:

- CLIP REDD+ projects (GuateCarbon y Lacandón)
- **Readiness: 3,254 socialization participants** (34% women) y **1,563 dialogue stakeholders** (47% women, 63% indigenous people)
- **FIP: 221 stakeholders** (40% women y 32% indigenous people)

Dialogue basis:

- **Led by Government and Local Lead Organizations**
- Respects and applies **FCPF environmental and social sustainability standards** in coherence with national and international legal framework.
- **Promotes the involvement of all sectors:** public, private, NGOs, indigenous peoples, women's groups, local governments, local communities, academia, etc.
- In 2019 there was dialogue with 662 stakeholders, 34% women and 40% indigenous peoples.

Operational and financial planning

Preliminary institutional arrangements and implementation:

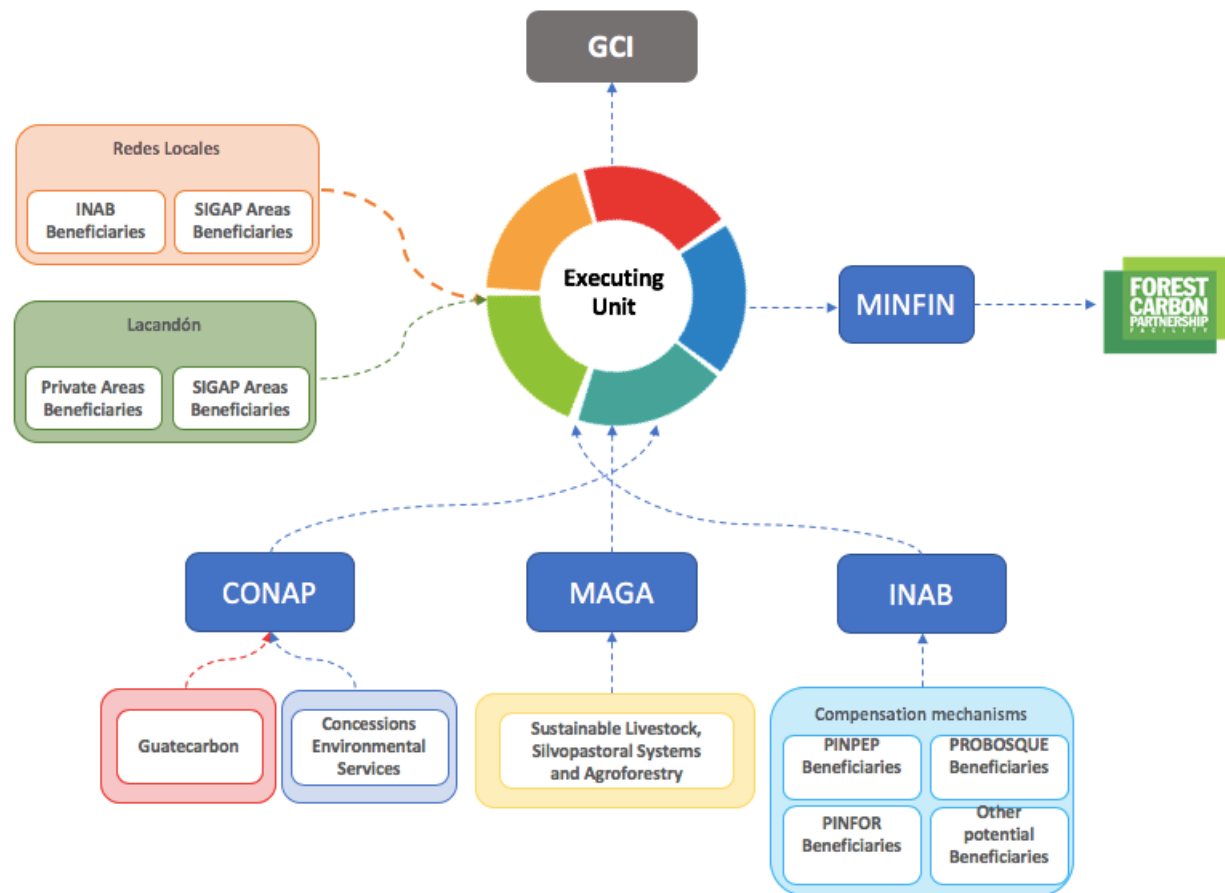
- Political GCI: decision making
- Technical GCI: analysis, formulation and monitoring of the issues inherent to the PRE and REDD +
- Future institutional arrangements will be needed

Functions of the Executing Unit:

- Formalize institutional arrangements
- Support implementation of benefit sharing
- Lead communications on the REDD + program
- Monitor and submit PRE reports
- Support PRE field actions
- Promote synergies with the entities of the GCI

Safeguards monitoring:

- GCI according to thematic competence, based on MGAS and other social and environmental instruments
- MARN compilation and reports



Operational and financial planning

Total cost REDD + Program

Strategic Components	Total US\$ Million
Total cost of REDD + actions	122.2
Total cost of additional government contributions	104
Total	226.1

Sources of financing

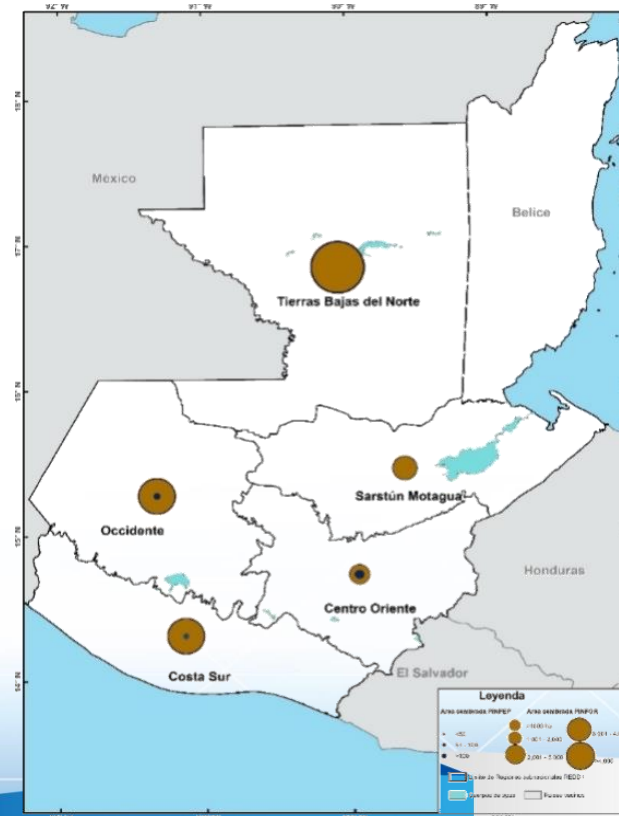
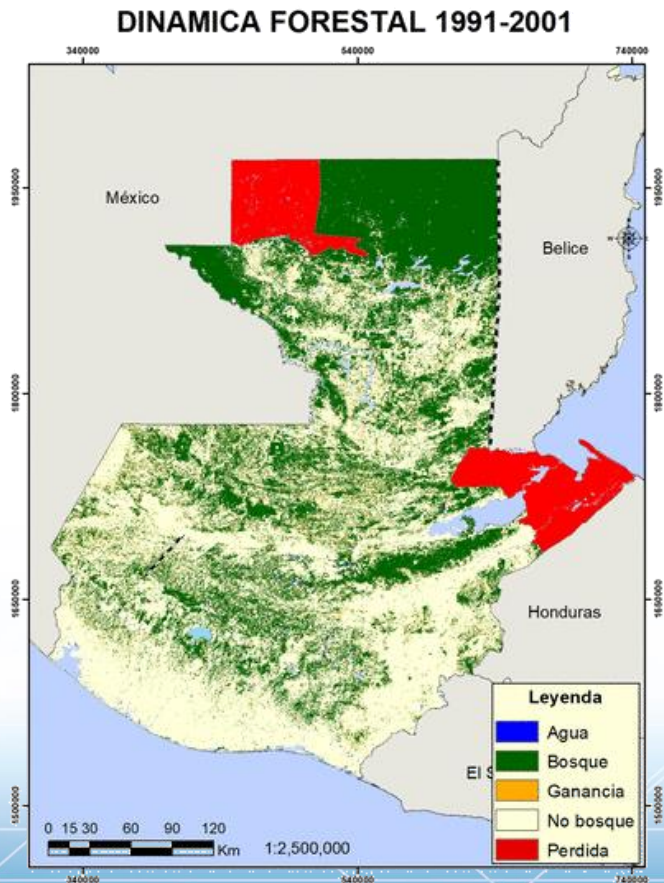
Sources of financing	Total US\$ Million
Government Funds	65.5
Grants and concessional funds	21.2
Credit resources	20.9
REDD+ private projects	9
Emission Reductions Payments	52.5
Total	169

Financial GAP:
US\$ 57 M

- The Government will contribute **46% of the budget**, with a total of USD 104 million
- **Government resources** represent the main source of financing
- **REDD + payments** are the second most important source of financing for the ERP
- The GoG will make additional efforts to **attract private investment** and thus secure the necessary resources to finance the PRE

Forest Reference Emissions Level

- NREF updated in April 2019 for the 2007-2016 period: in total, 13,085,445.54 tCO₂e were issued each year
- Deforestation: 12,290,764.08 tCO₂
- Degradation: 3,010,475.45 tCO₂
- Increases:
 - 1,944,362.85 tCO₂ (degraded lands)
 - 271,431.14 tCO₂ (plantations)



$$\% \text{ de incertidumbre} = \frac{\frac{1}{2} * (\text{amplitud del intervalo de confianza})}{\text{Mediana (Carbono, o ha)}} * 100$$

Combined Incert.	FREL
Carbon	39880411.92
CO ₂ /year	14,622,817.70
IC Inferior (5%)	21052055.93
IC Superior (95%)	85260311.45
Uncertainty (90% IC)	80%

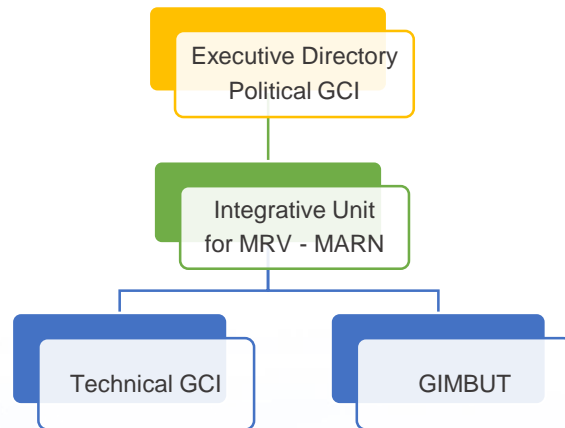
http://marn.gob.gt/s/redd_/paginas/ERPD_GUATEMALA

MRV system for GHG emissions

- Monitoring events:

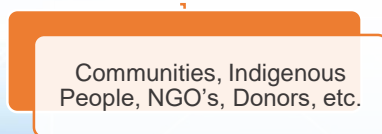
- After the signing of the ERPA (update NREF period 2016-2019)
- First monitoring in the middle of the program period 2019 to 2020
- Second monitoring period 2021 to 2023
- Monitoring final report period 2023-2025

MRV governance scheme

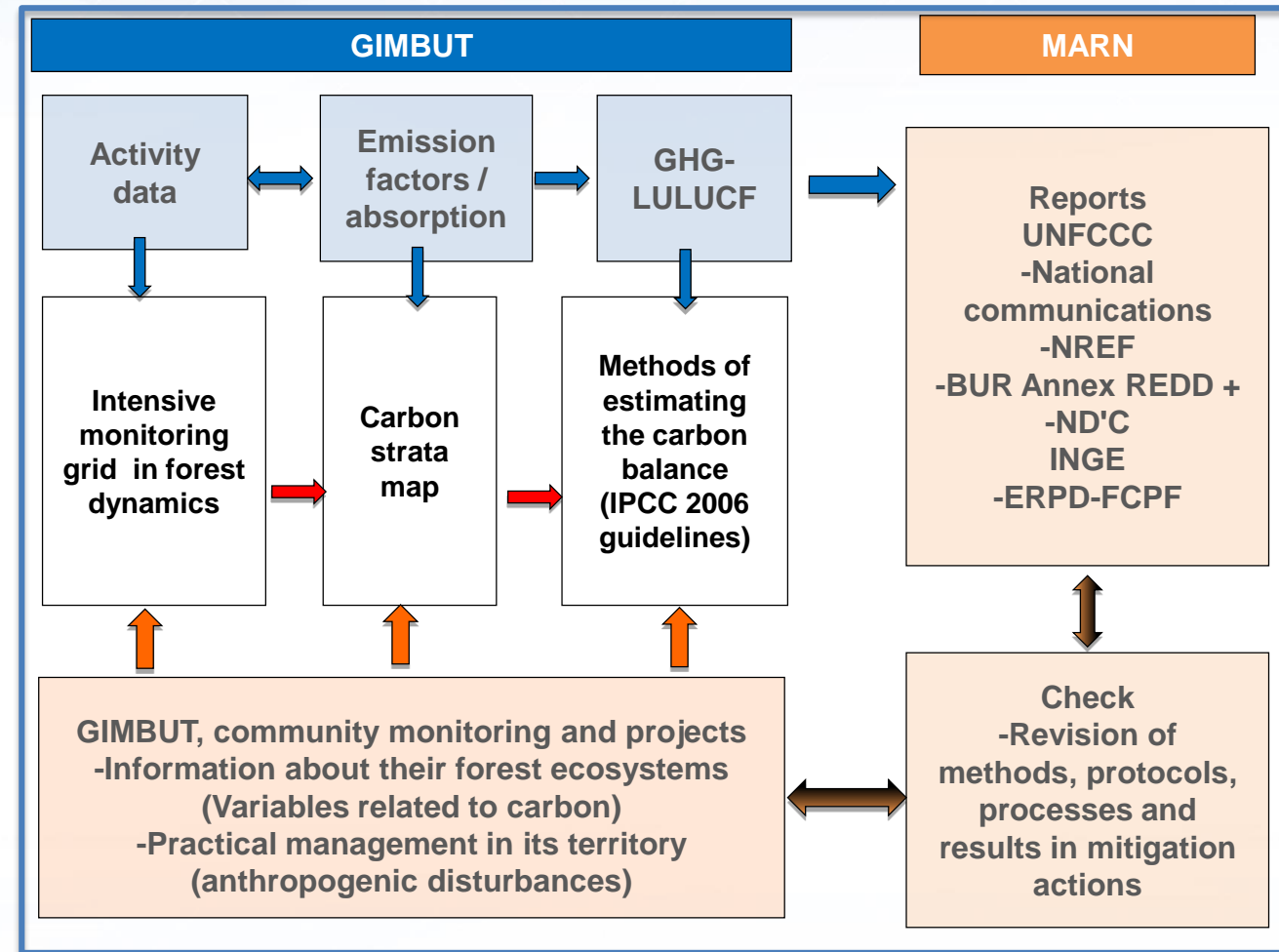


Decision making
Official reports

Generate and process
Technical information



Various support
Taking data in the field
Community Monitoring



ERPA period-emission reduction potential

- During the 5 years of the REDD + Program, an emission reduction potential of 12.5 million tCO₂e is foreseen

Item	WITH PROGRAM	WITHOUT PROGRAM
Reduction of deforestation and degradation	10% anual c/u	2% anual c/u
Increments	10% anual	2% anual

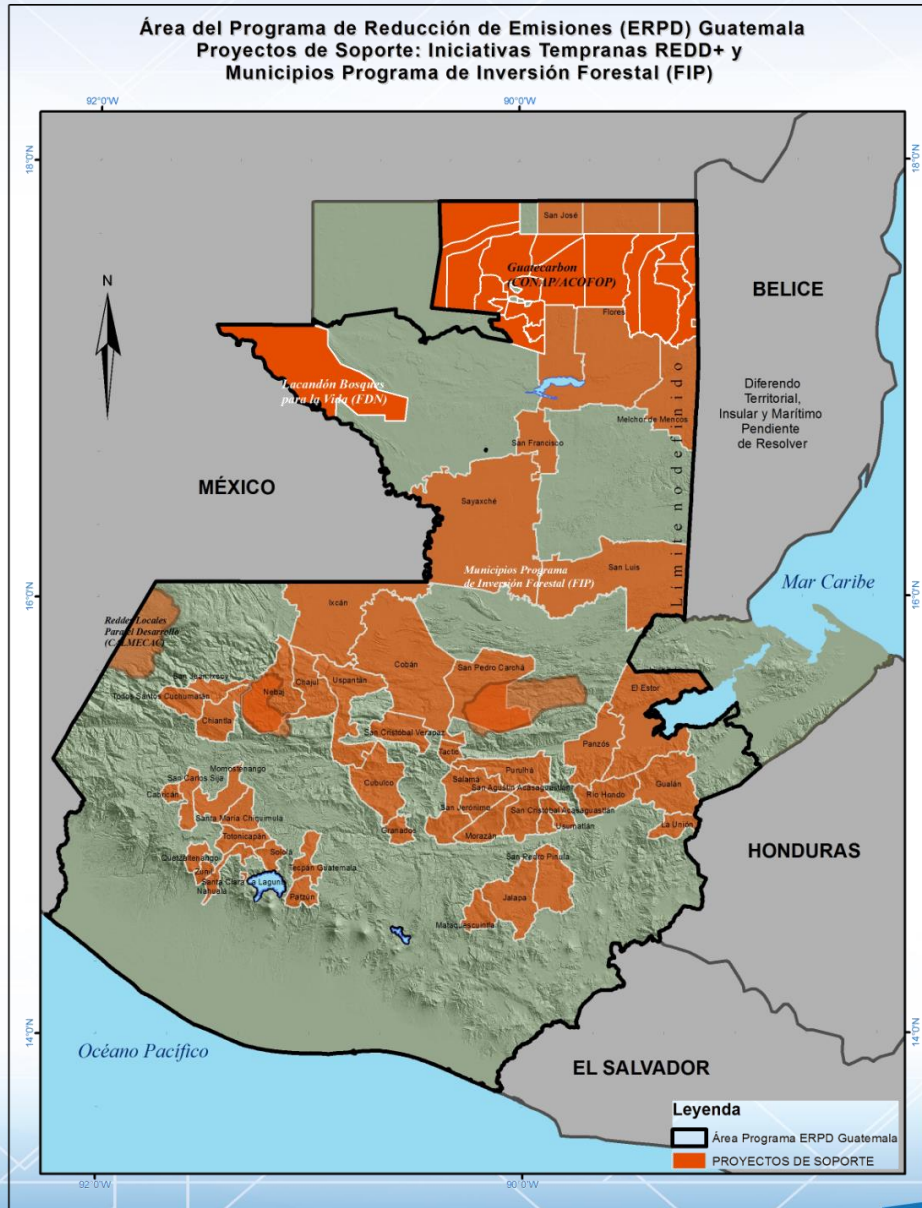
Total emissions reductions ExAnte (tCO ₂ / year)						
YEAR ERPA	ER Potencial	ER estimation by implementation of actions.	Estimation of expected set-aside to reflect uncertainty	A priori Contract and Additional ERs (CA)	Estimation of expected set-aside to reflect the risk of reversal	Estimated Emission Reductions
1	17,517,033.52	1,181,631.16	155,646.89	834,133.55	191,850.72	834,133.55
2	17,517,033.52	2,363,262.32	311,293.78	1,668,267.11	383,701.43	1,668,267.11
3	17,517,033.52	3,544,893.48	466,940.67	2,502,400.66	575,552.15	2,502,400.66
4	17,517,033.52	4,726,524.64	622,587.56	3,336,534.21	767,402.87	3,336,534.21
5	17,517,033.52	5,908,155.80	778,234.45	4,170,667.76	959,253.59	4,170,667.76
						12,512,003.29

Discounts made due to uncertainty and reversals:

- 12% for deforestation
- 15% for degradation and increases
- **23% for risk of reversals**

On January 4, 2020, the NREF / NRF will be sent to the UNFCCC

ERPA period: Emission Reduction potential



- **Cutting deforestation and degradation by 10% annually implies:**
 - Going from ~ 15,000 ha deforested to ~ 7,000 ha at the 5th year
 - Going from ~ 6,000 hectares deforested to ~ 3,000 hectares at the 5th year
- **Increasing the forest cover by 10% annual :**
 - Going from ~ 5,000 ha restored to ~ 8,000 ha at the 5th year
- **Without Program, deforestation / degradation would be cut by 2% only** and the forest cover would only increase by 2%.

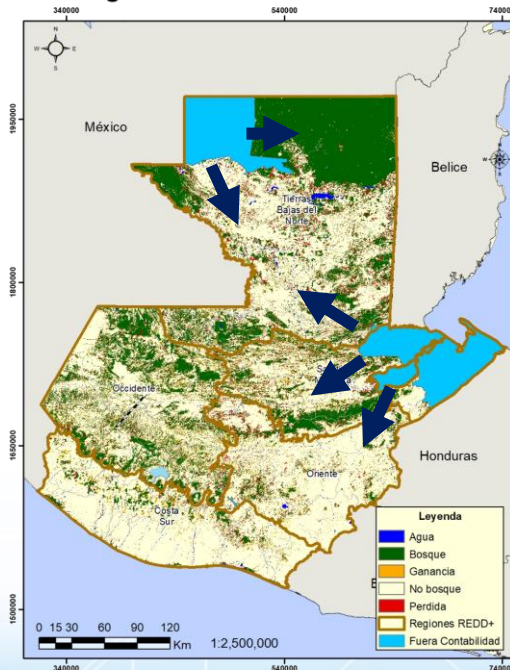
Displacement risks

High risk due to:

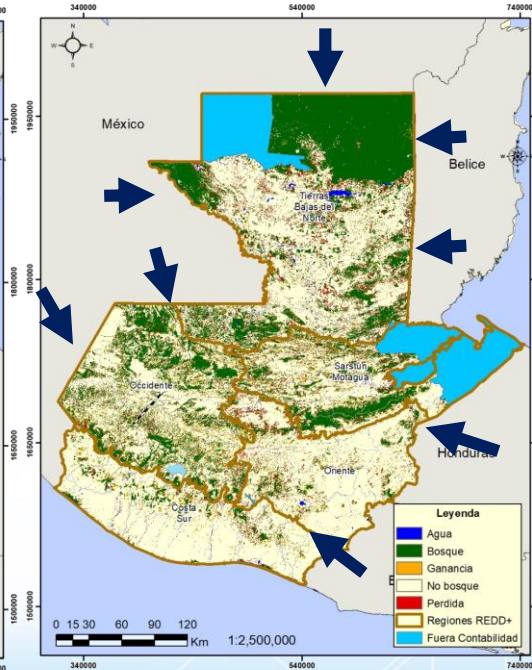
- Areas prone to livestock activities and high recurrence to forest fires (PNLT)
- Biophysical conditions and infrastructure suitable for productive activities (Costa de la Conservación)



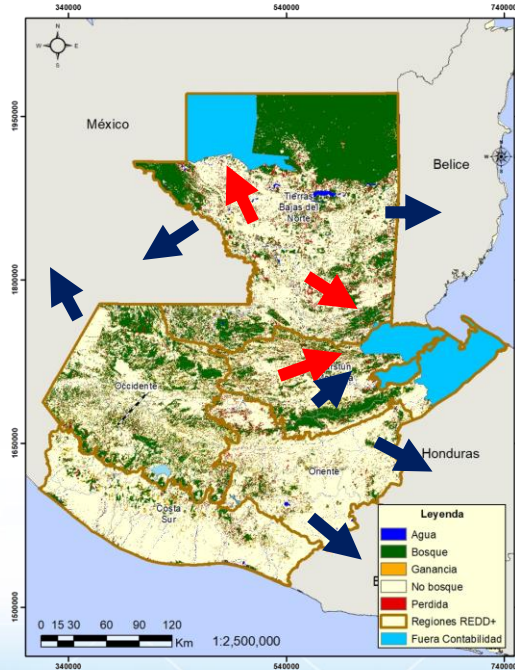
Riesgos hacia Area Contabilidad PRE



Riesgo Internacional hacia Area de Contabilidad PRE



Riesgo desde el PRE hacia Fuera Area de Contabilidad

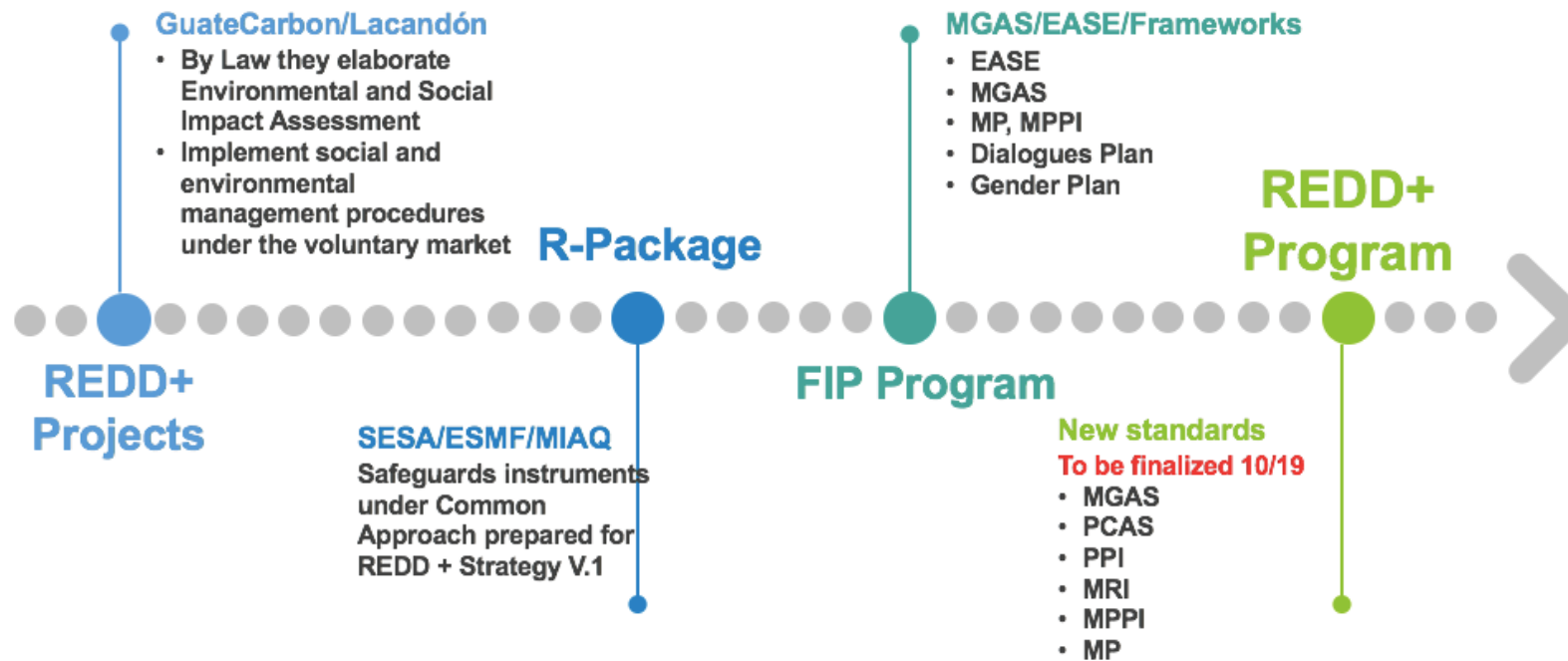


Elements to prevent and minimize risk:

- Harmonize the **agricultural regulatory framework**
- Agroforestry and silvopastoral systems (**PINPEP and PROBOSQUE**)
- **Strengthen institutional presence** for control and surveillance
- Strengthen **community monitoring** of concessions, co-administrators, etc.
- Strengthen the **justice system** for crimes of change of use
- Strengthen **inter-institutional coordination** (+ entities outside the forestry sector)

Social and environmental safeguards

- Instruments to comply with the new Environmental and Social Standards of the WB are in development (end 10/19)
- They take as a basis the instruments carried out in the Readiness and Implementation Phase
- Processes widely discussed during Readiness and FIP (832 stakeholders, 40% women and 32% indigenous peoples)



Benefit Sharing

Wide typology of beneficiaries and defined eligibility criteria

- **Wide typology of beneficiaries:**

- Owners or holders of land
- Communities
- Associations
- Cooperatives
- Business
- REDD + projects
- Municipalities
- Government (for management and monitoring costs)

Monetary and non-monetary benefits

- **Eligibility criteria:**

- Have **transferred to the State the rights on their emission reductions** (when they do not belong to the State by law)
- **Implementation of REDD +** under a government program or REDD + project that are part of the PRE
- Comply with relevant **reporting requirements** under the PRE
- Express formally **its compliance** with the provisions of the **Benefit Distribution Plan**
- Have a **signed contract** with the Ministry of Finance (or other relevant government entity) in which the aforementioned requirements are formalized and others, as appropriate

Benefit Sharing

Direct benefits to the mechanisms of each project/program



Transfer to MINFIN and this to projects

Other Funds

Transfer to MINFIN or directly to projects

Reddes Locales

Beneficiaries:

INAB –CONAP areas

Governance Platform:

Redes Locales Council

Guatecarbon

Beneficiaries :

ACOPOF –CONAP areas

Governance Platform::

Guatecarbon Governance Committee

Lacandón Bosques para la Vida

Beneficiaries :

Private areas–CONAP areas

Governance Platform::

Lacandón Governance Committee

Compensation Mechanism

Beneficiaries :

PINPEP, PROBOSQUE, ex-PINFOR and others

Governance Platform::

Compensation Mechanism Committee

Payment of Environmental Service

Beneficiaries :

Concessioners

Governance Platform::

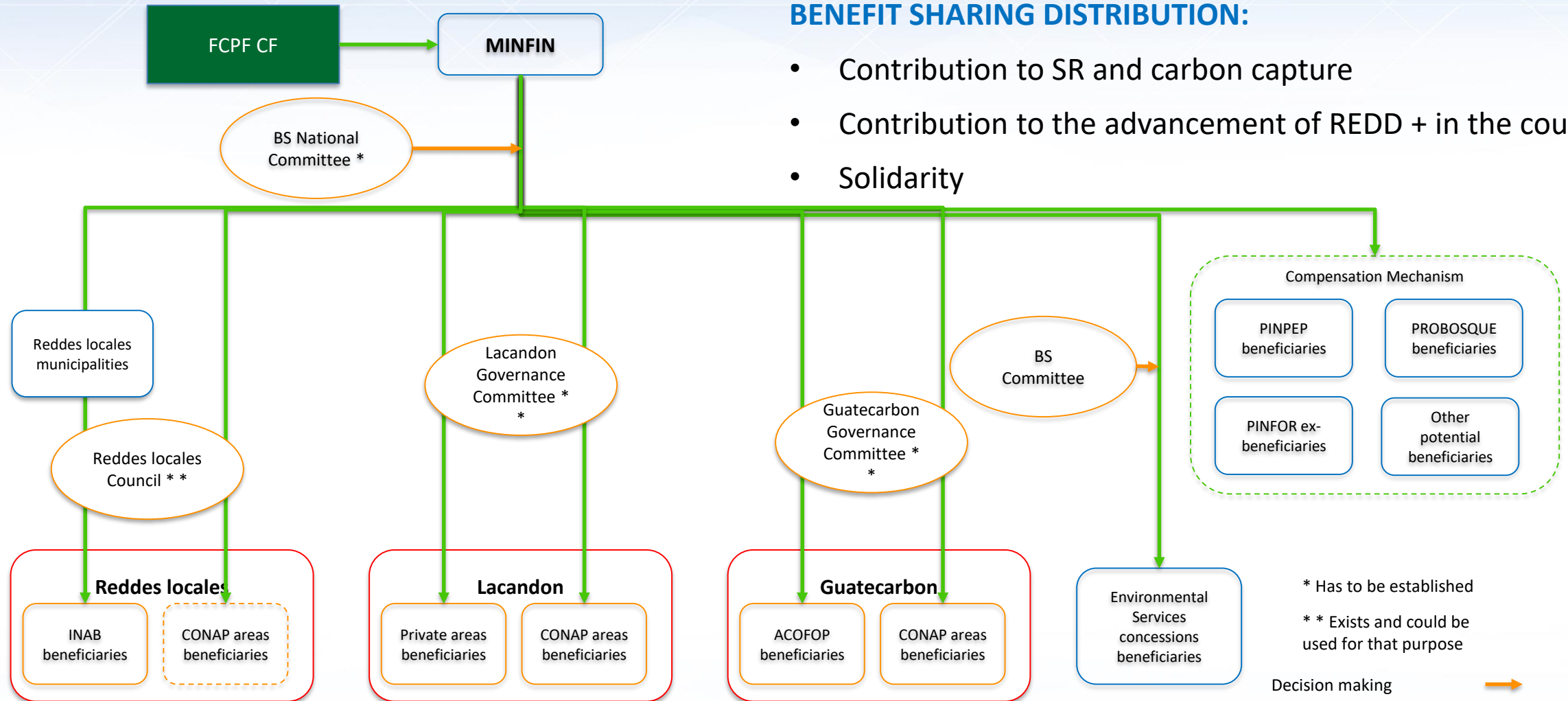
Distribution Sharing Committee



Benefit Sharing distribution

BENEFIT SHARING DISTRIBUTION:

- Contribution to SR and carbon capture
- Contribution to the advancement of REDD + in the country
- Solidarity



Non Carbon Benefits

- Priority was given to 10 categories and 27 SMART indicators of the Readiness Phase
 - These had already been discussed with parties involved
- **For more than 15 years these indicators have been monitored and reported**
- There are at least 21 platforms and registration systems for monitoring these
- **For the PRE the indicators will be reported under SIREDD + (linked to the SNICC)**
- Government will collect, analyze and integrate information to report



Environmental

- Conservation and sustainable use of biological diversity
- Improvement of water resources
- Improvement of the edaphic resource
- Provision of timber and non-timber products

Socio-economic

- Improvement of livelihoods
- Capacity building
- Inclusion of vulnerable groups
- Strengthening forest governance
- Improves food security

Cultural and traditional

- Respect and appreciation of traditional ancestral knowledge

In 2020, the first monitoring report will be prepared

Guarantees of legal certainty in the transfer of Emission Reductions

ERPA signature:

- The **Ministry of Public Finance** has by Law the competence to **execute the ERPA**.
- **ERPA Package** will be **approved** by the **Congress** of the Republic of Guatemala

Title to ER:

- **Agreements with REDD+ projects** include the transfer of RE's (GuateCarbon, Lacandón Bosques para la Vida and Reddes Locales).
- Outside of protected areas, a **Compensation Mechanism** will be adopted by **INAB**: INAB will execute a **standard contract** that includes the transfer of ERs to the state by beneficiaries (range of beneficiaries: PINPEP, PROBOSQUE, PINFOR, others).
- **Registration of all projects/programmes** will be required to avoid double counting

REDD+ Registry

For ERPA purposes Guatemala will use the Centralized Transaction System of the World Bank

- In addition, the National REDD+ Registry is being designed with a **geo-database linked to MRV and NREF**
- It will include a **National Program and Project Data Management System of eligible programs/projects** under:
 - Modality of result-based payments
 - REDD+ activities that meet criteria established by the registry or international standards
- Adequate system **to quantify risks of non-permanence**
- **Linked to benefit sharing mechanism, SIS and MIAQ**
- **Currently support from consultants** for Registry procedures and manuals, design/platform
- The registry will be operational in 2020



Thank you for your attention
