BENEFIT SHARING PLAN

OF THE GUATEMALA'S EMISSIONS REDUCTION PROGRAM

FINAL VERSION

FEBRUARY 2023

Acronyms and

ACOFOP	Accociation of Forest Communities of Dotán /for its Spanish accronym		
ANAM	Association of Forest Communities of Petén (for its Spanish accronym) National Association of Municipalities (for its Spanish accronym)		
ASORECH	Regional Campesino Association Chortí (for its Spanish accronym)		
ANOFCG BSP	National Alliance of Community Forestry Organizations of Guatemala Benefit Sharing Plan		
IDB	Inter-American Development Bank		
IDB-LAB	IDB Innovation Lab		
CALMECAC	NGO supporter of the REDD+ Early Action Project's Local REDD+ Networks		
CCBS	Climate, Community and Biodiversity Standards (Climate, Community and Biodiversity		
COMAR	Standards)		
CONAP	National Protected Areas Council (for its Spanish accronym)		
ENREDD+	National REDD+ Strategy Guatemala		
ERP	Emission Reduction Program		
ER	Emissions Reduction		
ERPA	Emission Reductions Payment Agreement		
ERPD	Program Design Document for Emission Reduction Program		
ERPIN	Program Idea Note Emission Reduction Program		
ESCP	Environmental and Social Commitment Plan		
FCPF	Forest Carbon Partnership Facility		
FEDECOVERA	Federation of Cooperatives of the Verapaces (for its Spanish accronym)		
FIP	Forestry Investment Program		
FMT	FCPF Facility Management Team		
FONABOSQUE	INAB's National Forestry Development Fund (for its Spanish accronym)		
FUNDAECO	Foundation for Ecodevelopment and Conservation (for its Spanish accronym)		
FREL	Forest Reference Emission Levels		
IPLC	Indigenous Peoples and Local Communities		
GCI	Interagency Coordination Group		
GEI	Greenhouse Gases		
GIMBUT	Inter-institutional Forest Monitoring Group, (for its Spanish accronym)		
GIREDD+	REDD+ Project Implementers Group, (for its Spanish accronym)		
INAB	National Forest Institute		
MAGA	Ministry of Agriculture, Livestock and Food, (for its Spanish accronym)		
MARN	Ministry of Environment and Natural Resources, (for its Spanish accronym)		
MBR	Mayan Biosphere Reserve		
MCEES	Mechanism for Compensation of Ecosystem and Environmental Services		
MGAS	Environmental and Social Management Framework		
FGRM	Feedback Grievance Redress Mechanism (MIAQ for its acronym in English)		
MINFIN	Ministry of Public Finance (for its Spanish accronym)		
MYPIMES	Micro, Small and Medium Enterprises (for its Spanish accronym)		
NAMAs	Nationally Appropriate Mitigation Measures s		
MMRV	Measurement, Monitoring, Reporting and Verification		
MPME	Micro, Small and Medium Enterprises Companies		
MR	Monitoring Report		
NDC	Nationally Determined Contribution		
NBSC	National Benefit Sharing Committee		
NGO	Non-Governmental Organization		
NTFP	Non-Timber Forest Products		
RP	Reporting Period		
RIP	REDD+ Initiative Project		
PINFOR	Forestry Incentive Program (for its Spanish accronym)		
PINPEP	Forestry Incentive Program for Holders of Small Land Areas Suitable for Forestry and		
	Agroforestry (for its Spanish accronym)		
PLBDC	Project Level Benefit Distribution Committee		
	1 reject tever benefit bistribution committee		

PROBOSQUE	Program to Promote the Establishment, Recovery, Restoration, Management,		
	Production and Protection of Forests in Guatemala. (for its Spanish accronym)		
REDD+	Reducing Emissions from Deforestation and Forest Degradation		
RIC	Registry of Cadastral Information		
RIP	REDD+ Initiative Project		
SEGEPLAN	Secretariat of Planning and Programming (for its Spanish accronym)		
SICOIN	Integrated Accounting System (for its Spanish accronym)		
SIFGUA	Forestry Information System of Guatemala (for its Spanish accronym)		
SIGAP	Guatemalan System of Protected Areas (for its Spanish accronym)		
SNICC	National Climate Change Information System (for its Spanish accronym)		
tCO2e	Tons of Carbon Dioxide Equivalent		
UNFCCC	United Nations Framework Convention on Climate Change		
US\$	United States dollars		
Utz che	Asociación de Manejo Forestal Comunitario de Guatemala (Mayan language acronym)		
VERRA/VCS	Verified Carbon Standard (of the voluntary carbon market)		

Glossary of terms

- Beneficiary: Beneficiaries are the holders of emission reductions and may be individuals or legal entities that
 receive monetary or non-monetary benefits from the implementation of a REDD+ Initiative Projects through
 their participation and title transfer contract with the Emission Reduction Program. Beneficiaries will receive
 these benefits for the implementation of REDD+ actions or measures established in a Forest Management
 Plan in line with the five strategic options of the ERP during the results period (2020-2024), of projects that
 have been approved, evaluated, and certified in accordance with the Operational Manual of the BSP.
- 2. Contract (Unilateral) on Participation and Compliance with GHG Emission Reduction and ER Title Transfer for REDD+ Initiative Projects (RIPs) under the Emission Reductions Program (ERP): Holders of RIPs will sign this legal instrument (also known as subagreements) with INAB after the approval of their respective Forest Management Plan for RIPs. For grouped RIPs, the contract includes an annex by which the final beneficiaries grant title representation to the RIP title holder of the emissions reductions generated from their farms. The contract also includes a section on voluntary adherence to the ERP of individual or grouped REDD+ initiative project, as well as their commitment to comply with the ERP Environmental and Social Management Framework (ESMF) and the specific environmental and social instruments.
- 3. **Early REDD+ projects:** They are part of Guatemala's ENREDD+ and were designed prior to the implementation of the Emissions Reduction Program (ERP) and have a PDD approved by an International Carbon Standard of the voluntary market (e.g., VERRA), and are located within the geographic area of the ERP.
- 4. **ERPAs**: Emission Reduction Payment Agreements signed between Guatemala (represented by the Ministry of Public Finance -MINFIN- as Program entity) and the International Bank for Reconstruction and Development as trustee of the Carbon Fund of the Forest Carbon Partnership Facility on September 13, 2021, which includes general conditions, schedules, and supplementary agreements, among other terms.
- 5. **Forest Management Plan:** Document that contains the proposal for planning, execution, monitoring and evaluation of activities to be carried out, according to the type of REDD+ Initiative Project and its measures. For the specific case of this document, it will be called Forest Management Plan.
- Gross performance-based payments: funds from the WB disbursed to the Government of Guatemala in accordance with the ERPAs of the ERP, for the national greenhouse gas emission reductions verified in each monitoring period.
- 7. **Holder of REDD+ Project Initiatives:** It is the holder of the ERs of an individual PIR or the representative of the ER title holders in a grouped project. He/she is responsible for compliance with the Forest Management Plan and the corresponding Contract of Participationg and Emission Reduction Title Transfer.
 - The REDD+ Project holder will become the holder of ER certificate, when it obtains the certificate issued by INAB, in accordance with a) the corresponding participation and title transfer contract; b) the approval procedure established in the Operational Manual of the BSP; and c) Article 22 of Decree 7-2013 of the Climate Change Law and Article 5 of Decree 20-2020 of the Congress of the Republic of Guatemala.
- 8. **Monetary benefits:** Cash payment received by the beneficiaries of a REDD+ Initiative Projects under the Emission Reductions Payment Agreement (ERPA), by MINFIN, in accordance with the processes established in this operational manual.
- 9. **Net result-based payments:** the subsequent distribution by the Government of Guatemala of payments to beneficiaries in accordance with the ERP Benefit Sharing Plan for verified emission reductions in each reporting period, after deducting from gross results-based payments the PIU's operational costs and a percentage for the Solidarity Reserve.
- 10. **Nesting Protocol:** Document that presents the principles and approach for REDD+ initiative projects on current and future methodologies for aligning emissions accounting under the ERP¹.
- 11. **New REDD+ projects: Have a** PDD approved by an International Voluntary Carbon Market Standard (e.g., VERRA), and are in the geographical ERP area.

¹ The document is available at: https://www.inab.gob.gt/images/pif/pre/beneficios/Anexo%20XI-Enfoque%20y%20Principios%20de%20Anidamiento%2009-29-2020.pdf

- 12. **Non-monetary benefit:** Goods, inputs or services received by beneficiaries of a REDD+ Initiative Projects under ERPAs by the REDD+ Initiative Project developer, according to the BSP. Examples of non-monetary benefits include, but are not limited to purchase of machinery, fire control supplies, agroforestry inputs or field monitoring equipment; hiring or payment of labor for firebreak establishment, forest control and surveillance activities, community patrols; hiring for capacity building, research, improvement of small and medium community enterprises; investment in productive projects aligned with the REDD+ Initiative management plan, etc.
- 13. **Program Implementing Unit.** According to Decree 20-2020 of the Guatemalan Congress of the Republic the Forest National Institute (INAB) is the Program Implementing Unit for the Emission Reductions Program. Hereinafter INAB should be interpreted ad the Program Implementing Unit.
- 14. **REDD+ Initiative Projects (RIP):** Refers to one of the types of REDD+ Initiative Projects of the ERP. This type of project is a means to enter the ERP and involves implementing the measures defined in the ERPD and established in its Management Plan. These may be individual or group projects.
- 15. **REDD+ Measures:** The set of activities described in the REDD+ Initiative Project Management Plan that are aligned with the interventions or actions of the five strategic options described in the ERPD that will be implemented in the territory, that are quantifiable and that through their development result in the reduction or removal of greenhouse gas emissions. The activities of each type of measure to be included in the Forest Management Plan are described in the Forest Management Plan Formats of the Emission Reduction Program.
- 16. **Registration of REDD+ Initiative Projects:** Article 22 of Decree 7-2013 of the Congress of the Republic of Guatemala provides through the Ministry of Environment and Natural Resources the system for registering measures, activities and projects that reduce GHG emissions.
- 17. **Safeguards**: Measures, policies, criteria, protocols, or mechanisms to avoid or manage the risks and promote the positive impacts of the activities established in the Forest Management Plan, in accordance with the environmental and social instruments of the Emission Reduction Program, cited in the Plan of Environmental and Social Commitments (PCAS).
- 18. **User**: is the individual or legal entity that carries out procedures before INAB, which becomes a Holder when the REDD+ Initiative Project submitted is approved by INAB.

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1. INTRODUCTION

1.1. Context

- 1. The National REDD+ Strategy (ENREDD+)² focuses on strengthening forest governance, integrated implementation of cross-sectoral policies, programs, and projects, as well as capacity building of the multiple stakeholders involved in the agriculture, forestry, and land-use change sector. ENREDD+ seeks to reduce deforestation by strengthening the Guatemalan System of Protected Areas (SIGAP); protection and conservation of strategic ecosystems, promoting sustainable management of natural forests, as well as supporting local land use planning processes.
- 2. ENREDD+ also addresses forest degradation by promoting the sustainable production and efficient use of fuelwood, the legal use of timber and non-timber forest products (NTFPs), as well as the establishment and strengthening of measures to mitigate forest fires and the recovery of burned areas. The Strategy also focuses on the restoration of natural forests on degraded lands through the strengthening of forestry incentive programs (see Section 1.2.4), the promotion of agroforestry systems, the recovery of degraded pastures and the promotion of good sustainable agricultural practices.
- 3. The Emissions Reduction Program (ERP) seeks to generate a stream of future benefits from the generation of emission reductions (ERs) over 30 years. The ERP has the potential to attract international public and private financing to contribute to increasing the value of ecosystem and ecological benefits provided by forests. The Ministry of Public Finance (MINFIN) will be the Program Entity, and the National Forest Institute (INAB) will be the Executing Unit. MINFIN and INAB will work in close coordination with the Ministry of Environment and Natural Resources (MARN), the Ministry of Agriculture and Food (MAGA) and the National Protected Areas Council (CONAP). Since 2011, MAGA, MARN, INAB and CONAP have been part of the Inter-Institutional Coordination Group (GCI).
- 4. The ERP was accepted into the Forest Carbon Partnership Facility (FCPF) Carbon Fund in November 2019. The process in the Carbon Fund began with the successful submission by INAB and CONAP of an ERPIN (ERPIN) and subsequent preparation of an ERPD (ERPD). In addition, in March 2017, the FCPF Readiness Fund Participants approved the Guatemala Readiness Package, a condition for being able to submit the ERPD. In April 2017, MINFIN and the World Bank signed a Letter of Intent for the development of the ERPD and the signing of a possible Emission Reduction Payment Agreement (ERPA). The Letter of Intent contemplates the signing of the ERPA no later than June 30, 2020.
- 5. The Congress of the Republic of Guatemala, through the approval of Decree 20-2020³, dated April 16, 2020, referring to the Emission Reduction Program, establishes that "The Ministry of Public Finance acts as the Program Entity and that the Executing Unit is INAB".
- 6. The Republic of Guatemala, through the Ministry of Public Finance, signed on September 13, 2021, with the International Bank for Reconstruction and Development (IBRD), as depositary of Tranche A and B of the Forest Carbon Partnership Facility Carbon Fund, two Emission Reduction Payment Agreements⁴ ("ERPA's"), identified with codes TF0B5091 and TF0B5092 respectively.

² http://snicc.marn.gob.gt/Home/Consolidacion

³ https://legal.dca.gob.gt/GestionDocumento/DescargarPDFDocumento?idDocumento=58918

⁴ https://www.forestcarbonpartnership.org/system/files/documents/fcpf_erpa_tranche_a-b_-_guatemala.pdf

1.2. ERP Summary

1.2.1. Geographic scope of the ERP

7. The ERP is sub-national in scope, covering 90.4% (3,165,059 hectares) of the national territory. Forest areas within the ERP include tropical broadleaf and coniferous forests, mixed mountain forests, dry forests, and mangroves. About 45.2% of the forest lands (are within protected areas which include the following type categories: (i): national park biological reserve; (ii): protected biotope natural monument cultural monument historical park; (iii) multiple use area spring forest reserve wildlife refuge; (iv) natural recreational area regional park scenic routes and roads; (v) private nature reserve; and (vi) biosphere reserve. Most of the forest cover considered in the ERP are protected areas and overlap or border with territories occupied by indigenous peoples and local communities demonstrating a strong connection between Indigenous Peoples and forest conservation. Almost half of the country's population identifies as Indigenous Peoples (comprising 23 Mayan groups and one non-Mayan group). The Error! Reference source not found. presents the boundary of the ERP accounting area.

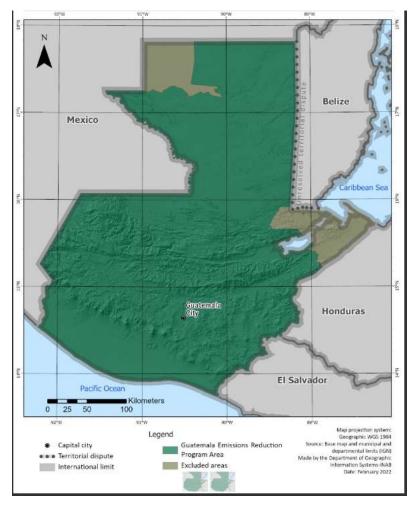


Figure 1. ERP accounting area

⁵ Forest Cover Map available at: https://sifgua.org.gt/SIFGUAData/PaginasEstadisticas/Recursos-forestales/Cobertura.aspx

1.2.2. Addressing the causes of deforestation, forest degradation and the barriers limiting forest landscape restoration.

- 8. The ERP will address the main drivers of deforestation and forest degradation, as well as the barriers limiting forest restoration by promoting sustainable forest landscape management in priority areas, while helping to conserve water and biodiversity, and supporting the livelihoods of rural populations who are disproportionately vulnerable to the impacts of climate change. According to the analysis of drivers of deforestation conducted during the REDD+ readiness process, the main drivers of deforestation are unsustainable forest use (39%); unsustainable livestock (34%) and unsustainable agriculture (24%). These drivers threaten to reverse decades of gains in forest development, highlighting the need to promote integrated and sustainable land management.
- 9. The ERP seeks to strengthen the forestry sector by promoting sustainable land management at the local level. It will also address a crucial sustainability issue affecting existing forestry incentive programs, which represent the main source of income for forest owners and holders. For more than two decades, Guatemala has been financing REDD+ type activities through three forestry incentive programs: the Forestry Incentives Program -PINFOR- (1996-2006); the Program for Holders of Small Tracts of Land with Forestry and Agroforestry Vocation -PINPEP- (2010-no end date) and the Forestry Incentives Program for the Promotion of the Establishment, Recovery, Restoration, Management, Production and Protection of Forests in Guatemala -PROBOSQUE- (2017-2045). However, the PROBOSQUE Law prohibits incentivizing forests that already received benefits under PINFOR, leaving around 140,000 hectares of forest land at risk of deforestation. Similarly, lands incentivized with PINPEP can only be re-incentivized under special circumstances (i.e., if they are in priority watersheds). Beneficiaries of forestry incentive programs, including PINFOR, could receive payments for ecosystem and environmental services if they develop eligible REDD+ Initiatives.

1.2.3. Contribution to the country's programmatic approach to forest development

- 10. The ERP is part of the country's programmatic approach to strengthen the forest sector's participation in the Nationally Determined Contribution (NDC) to the mitigation target under the United Nations Framework Convention on Climate Change (UNFCCC) to mitigate climate change. The financial strategy focuses on mobilizing various sources of investment. Domestic investments include about US\$450 million over the past 20 years through the forestry incentive programs, in addition to the in-kind contribution from GCI institutions. International public funding includes US\$12.2 million from the Forest Investment Program (FIP) (see Box 7). Early REDD+ projects primarily mobilize resources from international public and private sources, as well as national public in-kind contributions (see Tables 4, 5 and 6). Management models for the conservation and sustainable use of forests in the SIGAP seek to mobilize international and national funding to support forest conservation (see Section 1.2.5).
- 11. Guatemala has established inter-institutional arrangements to implement the programmatic approach to support the forestry sector. MINFIN and GCI will collaborate closely to implement the ERP. MINFIN as the Program Entity will play an important role in the distribution of benefits to ERP beneficiaries. INAB will be the Program Implementing Unit, in charge of its coordination. MAGA will promote a favorable environment for generating ERs in the agricultural sector and will channel the budget to INAB to carry out its role as the Executing Unit of the ERP. 6 CONAP, in close collaboration with INAB, will promote the execution and implementation of activities developed in protected areas that aim to contribute to the reduction of greenhouse gas emissions within the

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⁶ http://desarrolloconbajasemisiones.org/estrategia/que-es-una-estrategia-de-desarrollo-con-bajasemisiones/

framework of the Emissions Reduction Program -ERP-. MARN will implement ⁷ the Registry of Greenhouse Gas (GHG) Reduction and Removal Projects ⁸ and the National Climate Change Information System (SNICC) ⁹, which will compile, monitor, and report data required by the Carbon Fund.

1.2.4. The Role of Guatemala's Forestry Incentive Programs

12. Beneficiaries of forest incentive programs will participate in specific types of REDD+ Initiatives to generate ERs under the ERP. In developing REDD+ Initiatives, beneficiaries will integrate their considerable experience participating in forest incentives, particularly developing activities such as forest protection, forest management, forest restoration, reforestation, and the establishment of agroforestry systems; as well as their experience participating in proven and well-established benefit sharing mechanisms. See Box 1 for a description of PROBOSQUE and Box 2 for a description of PINPEP.

Box 1. Forestry Incentives Program PROBOSQUE

The forestry incentive program PROBOSQUE was created in 2015¹⁰ to continue the activities of PINFOR 1996-2016. PROBOSQUE promotes the following lines of action: (i) establishment of plantations and maintenance of forests for industrial purposes; (ii) forest plantations for productive energy purposes; (iii) establishment and maintenance of agroforestry systems (v) management of natural forests for the protection and provision of ecological services; and (vi) restoration of degraded forest lands. PROBOSQUE also promotes technical assistance, research, and links with the productive sector. PROBOSQUE provides¹¹ the following amounts: plantations: US\$2,175/ha for six years; agroforestry systems: US\$684/ha for 6 years; natural forest management: US\$394/ha for the first 15 ha and US\$71/ha as additional resources for 10 years; and restoration of degraded forest land US\$2,433/ha for 10 years. PROBOSQUE beneficiaries include municipalities, committees, individuals, associations, foundations, NGOs, private companies, cooperatives and communities. ¹² According to online statistics from Guatemala's Forestry Information System (SIFGUA), in 2019 the government granted around US\$24 million to 106,021 beneficiaries and generated employment for around 2 million people.¹³

Box 2.Forestry Incentive Program for Holders of Small Tracts of Forest and Agroforestry Lands

The **PINPEP**, created in 2010¹⁴, started in 2011 and has no termination date. PINPEP benefits holders of land areas of less than 15 ha and promotes the following lines of action: (i) management of natural forests for production purposes; (ii) management of natural forests for protection purposes; (iii) plantations and forest maintenance; and (iv) establishment and maintenance of agroforestry systems. PINPEP also promotes the strengthening of the technical capacity of beneficiaries to participate in the program. Beneficiaries receive the following amounts per category: management of productive natural forests: US\$406/ha for the first 5 ha and additional US\$113/ha; protection of natural forests: US\$379/ha for the first 5 ha and additional US\$97/ha; plantations and forest maintenance: US\$2,061/ha; and the establishment and maintenance of agroforestry systems: US\$1,030/ha. PINPEP beneficiaries include both individuals and organized groups of landowners (i.e., communities and municipalities). The

https://www.inab.gob.gt/images/informacionpublica/2020/julio/Normativas/1.4.1%20Leyes/Ley%20PROBOSQUE%20DECRETO%2 0DEL%20CONGRESO%202-2015.pdf 10

https://www.inab.gob.gt/images/informacionpublica/2020/julio/Normativas/1.4.1%20 Leyes/Ley%20 PROBOSQUE%20 DEL%20 CONGRESO%202-2015.pdf

Decree 02-2015, issued by the Congress of the Republic.

⁷ A tentative implementation schedule for MARN's Registry is presented in Annex VI.

MARN has made publicly available the regulation applicable to the Registry (see http://www.snicc.marn.gob.gt/Content/PDF/Reglamento_Registro_de_Proyectos.pdf)

¹¹ For plantations and agroforestry systems, average figures are presented, since the amounts are allocated by ranges of hectares.

¹² http://portal.inab.gob.gt/images/servicios/probosque/8formularios/Trifoliar probosque 2017.PDF 13 http://www.sifgua.org.gt/Probosque.aspx

¹⁴ By Decree 51-2010 of the Congress of the Republic.

maximum area for individual projects is 15 hectares, while for grouped projects the area can be larger than 15 hectares, if individual holders with areas larger than 15 hectares do not participate in grouped projects. According to SIFGUA, the government has granted approximately US\$189 million between 2007 and 2019 and directly benefited 390,243 individuals of which 68% were women. During the same period, PINPEP directly benefited more than 1 million people (52% women) and created approximately 18 million jobs. ¹⁵

13. MINFIN distributes forestry incentives directly to the beneficiaries of forestry incentive programs, based on a project performance certificate issued by INAB. To do so, beneficiaries create at least one bank account for each project. MINFIN's experience distributing forestry incentives includes approximately 38,000 projects under PINFOR, 40,000 projects under PINPEP during the period 2007-2019, and 64,000 new PROBOSQUE projects. On average, INAB administers 60,000 contracts annually.

1.2.5. The role of Management Models for the Conservation and Sustainable Use of Forests in the SIGAP (SIGAP Management Models)

14. The Program for the Restoration, Protection and Conservation of Protected Areas and Biological Diversity inside SIGAP is the CONAP's main planning instrument and is linked to the Integrated Accounting System (SICOIN). The Program focuses on five pillars, comprising leadership and coordination; protection and ecosystem conservation; research; sustainable development in protected areas and biodiversity conservation; and climate change mitigation and adaptation. Following the Policy for Joint Administration and Management of SIGAP, on state lands CONAP coordinates with other governmental, private sector institutions and NGOs for the administration and management of protected areas. CONAP also coordinates with municipalities that administer the Municipal Regional Parks, as well as with owners of Private Natural Reserves, lessees, and concessionaires of concessions for sustainable forest management. Error! Reference source not found. presents a list of the collaborative models applied for the administration of SIGAP.

Box 3. SIGAP Management Models

Joint management for the conservation of protected areas. The management of a protected area where the conservation efforts of several entities converge and are coordinated through a legal mechanism (laws, joint management agreements, inter-institutional agreements).

Joint management agreements for the conservation of protected areas: A joint management agreement between CONAP and non-profit organizations for the management of a protected area within SIGAP.

Shared management of protected areas or non-protected areas that are important for biodiversity conservation: Shared management is defined as the "joint, democratic, coordinated work, with legal certainty, between CONAP and entities that pursue similar objectives for the conservation and protection of natural and cultural resources throughout the national territory" in protected areas and non-protected areas that contain natural biodiversity values worthy of conservation and sustainable use efforts.

Regional municipal parks: These are areas that belong to municipalities and are regularly managed by local communities for conservation, based on local agreements. On a voluntary basis, they are registered by the municipal authorities in the SIGAP and follow the norms established by CONAP for protected areas.

Concessions for the sustainable use of protected areas: These management units are granted to individuals or legal entities for the use and management of natural resources, with a justification of sustainable use, protection, conservation, and improvement; these can be industrial or community forest management concessions.

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¹⁵ http://www.sifgua.org.gt/Pinpep.aspx

Private nature reserves: These are areas privately owned by individuals or legal entities voluntarily dedicated to the conservation of forests for a determined period, with the objective of contributing to the protection of natural habitats, flora, fauna, biotic communities, and the environment.

- 15. The abovementioned SIGAP Management Models will contribute to implement actions such as:
 - 1. Monitoring, control, and surveillance of the causes of deforestation and forest degradation, as well as biodiversity, using available state-of-the-art technology (e.g., the SMART System).
 - 2. Capacity building and strengthening of park rangers, government officials at the municipal level and neighboring communities in monitoring, surveillance and prevention of catastrophic events caused by anthropogenic sources (e.g., forest fires).
 - Design and implementation of environmentally friendly projects to benefit communities
 within protected areas on state lands under co-administration or management.
 Organizations that co-manage or co-administer protected areas with CONAP will be
 eligible for this activity.
 - 4. Strengthening sustainable forest management in Regional Municipal Parks and Private Natural Reserves.
 - 5. Forest protection in areas under joint administration, according to the protected area management category.

1.2.6. The Role of REDD Projects +

16. The early REDD+ projects Guatecarbón and Lacandón, bosques para la vida are within SIGAP and have been operating since 2008. These projects are certified by the Voluntary Carbon Standard (VERRA-VCS) and the Climate, Community and Biodiversity Standard (CCBS). The NGO proponents of early REDD+ projects created the REDD+ Project Implementers Group (GIREDD+) to exchange experiences, lessons learned and best practices. Guatemala adopted the "Nesting Approach¹⁶" to integrate REDD+ Early REDD+ projects within the geographic scope of the ERP (see **ANNEX** II). **Error! Reference source not found.** presents the Early REDD+ Lacandón Project, Box 5 the Guatecarbón Early REDD+ Project, and in Box 6 presents the Local Development Networks REDD+ Project (pending certification under the VCS standard).

Box 4. Early REDD+ Lacandón Project

The Lacandón - Forests for Life REDD+ project (known as "Lacandón") is in the Sierra Lacandón National Park and covers an area of 206,268.71 hectares. The project benefits more than 179 families, whose livelihoods depend primarily on agriculture. Project beneficiaries include: (i) *Fundación Defensores de la Naturaleza*, the NGO in charge of co-managing the park with CONAP since 1990; (ii) the Cooperativa La Lucha, a private property located in the park's special use zone; (iii) Cooperativa Unión Maya Itzá, a private property located in the park's special use zone; and (iv) Cooperativa Técnica Agropecuaria in the park's buffer zone and the land is owned by several families. Some of the families that make up the cooperatives are applying sustainable forest management for timber purposes and NTFP promotion.

Box 5.Guatecarbon Early REDD+ Project

The Guatecarbón REDD+ project (Reducing Emissions from Avoided Deforestation in the Multiple Use Zone of the Maya Biosphere Reserve protected area in Guatemala) covers an area of approximately 662,000 hectares or 34% of the total Maya Biosphere Reserve (MBR) which is managed by CONAP through the Guatecarbón Project Governance Council ¹⁷. The Project beneficiaries include the

¹⁶ 'Nesting' refers to the integration of early REDD+ projects into the ERP, which has a subnational jurisdictional scope. It establishes ground rules to ensure transparent and robust carbon accounting, mitigating the risks of double counting, selling and claiming ERs.

¹⁷ The Association of Forest Communities of Petén (ACOFOP) manages the GuateCarbon REDD+ Project and has participated in dialogues of the ERP and this BSP.

concessionaires of community forest concessions and private companies that manage the industrial concessions; they implement the REDD+ activities described in the Project Design Document such as forest protection (e.g. equipment for control, patrolling and monitoring of the forest and its threats); community development (e.g. small community works to improve schools, health centers, water, sanitation, among others); promotion of sustainable land management; as well as the integration of micro, small and medium enterprises (MSMEs) into timber and NTFP value chains. s. The Guatecarbon project has produced excellent environmental and socioeconomic results. 18

Box 6. Local Networks for Development REDD+ Project

The Local Development Network REDD+ Project (known as "Reddes Locales"), is under preparation and seeks to obtain VERRA-VCS certification, aligned with the ERP. The project seeks to implement REDD+ by strengthening the joint forest governance of communities and municipalities. The project's area of influence covers 748,576.7 ha with about 30 percent of the forest cover in the departments of Alta Verapaz (784,145.5 ha), Huehuetenango (110,408.2 ha) and Quiché (154,023 ha). With some 24,000 beneficiaries, the Project aims to integrate forestry incentives provided by PINPEP and PROBOSQUE and payments for ecological services into the household economy to improve the livelihoods of vulnerable rural groups through the commercialization of non-traditional products and sustainable forest management. Project beneficiaries include the NGO CALMECAC, which is also a project proponent; some municipalities in the departments of Alta Verapaz¹⁹, Quiché²⁰ and Huehuetenango²¹; as well as the second level Network of Indigenous Peoples and Local Communities and *Enredémonos por el Corazón Verde*, which encompasses 33 community organizations.

1.2.7. The role of the Forest Investment Program (FIP)

17. According to Guatemala's Forest Investment Plan submitted to the FIP of the Climate Investment Funds, two projects coordinated by the Government were prepared, of which project 1, called "Sustainable Forest Management Project" is in the process of approval by the Congress of the Republic of Guatemala and project 2, called "Forest Governance and Livelihood Diversification Project" was withdrawn from the portfolio of the Forest Investment Program, as a result of the unfavorable opinion of the Secretariat of Planning and Programming of the Presidency of Guatemala. Project 1 under management will be effective for five years after its approval by the Congress of the Republic of Guatemala, estimated for the 2023 budget, and will be executed by INAB. Box 7 includes a brief explanation of the current and ongoing projects that comprise Guatemala's Forestry Investment Plan.

Box 7. Guatemala Forestry Investment Program

Sustainable Forest Management Project (\$9.2 million). This project, which is currently under management, will be channeled by the Inter-American Development Bank (IDB) and seeks to contribute to reducing the deforestation rate by: (i) improving the efficiency of public forest services; (ii) improving the effectiveness, profitability, and social inclusion of the PROBOSQUE and PINPEP forestry incentive programs; and (iii) promoting sustainable forest use and management.

Green Guarantees for Competitive Landscapes (US\$2.5million). Under implementation. This project will be channeled by IDB-LAB and seeks to promote financial inclusion to support forest landscape restoration through the articulation of public financing and policy instruments, as well as the promotion of public-private partnerships. The project seeks to remove knowledge and financial barriers for Small Forest and Agroforestry Enterprises (SFFEs) to access value chains. Specifically, the project will build the capacity and increase the capitalization of the GuateInvierte Fund, the only second-tier national financial mechanism specializing in guarantees in the country. The project will also create a line of

https://www.researchgate.net/publication/331952071 Forest concessions in Peten Guatemala A systematic an alysis of the socioeconomic performance of community enterprises in the Maya Biosphere Reserve.

Nebaj, Chajur ahu Sah Juah Cotzai.

¹⁸ See Stoian et al., 2018. Forest concessions in Petén, Guatemala. A systematic analysis of the socioeconomic performance of community enterprises in the Maya Biosphere Reserve.

¹⁹ Cobán, Lanquín, San Juan Chamelco, San Pedro Carchá, Santa María Cahabón, Tamahú.

²⁰ Nebaj, Chajul and San Juan Cotzal.

²¹ Jacaltenango, Nenton and Santa Ana Huista.

credit specialized in financing land uses compatible with REDD+ activities and actions defined in the ENREDD+, as well as with forest policy instruments (i.e. PINFOR, PROBOSQUE, PINPEP and SIGAP). Based on this experience, the country will develop a scalable PEFA Financing System targeting multiple private financial intermediaries, creating the means for the development of an active credit and insurance market to support forest landscape restoration.

Dedicated Grant Mechanism for Indigenous Peoples and Local Communities - DGM (US\$4.5 million). The World Bank is channeling this grant, which directly supports the participation of IPLCs in FIP and REDD+ programs and related initiatives. The project, which is in the implementation phase, seeks to strengthen the capacity of IPLCs to strengthen the management of cultural forest landscapes, to participate in MCEES, to benefit from livelihood diversification activities; and to participate in REDD+ and forest dialogue at the local, national, and international levels.

1.2.8. Other initiatives to reduce GHG emissions in the land-use sector.

18. Guatemala is currently developing other projects that could support ER generation in the land use sector. One example is a Nationally Appropriate Mitigation Actions (NAMA) project to promote the sustainable use of firewood that is in the implementation phase. Guatemala is also exploring opportunities to develop projects that promote sustainable cattle ranching, based on the National Strategy for Sustainable Cattle Ranching with low emissions.²²

1.3. Legal framework of the ERP and the BSP

19. The following section presents a summary of the legal framework of the ERP that is relevant to the Benefit Sharing Plan (BSP). The section covers the following topics: land and forest resource tenure; the access of IPLCs to land and customary practices; the land tenure regime in early REDD+ projects; the relationship between climate change legislation and titles to ERs; as well as the legal framework that supports the proposed BSP institutional arrangements. Where relevant, links are provided to the ERPD, as it contains more complete information for each of these topics.

1.3.1. Types of land and forest ownership

- 20. Currently, Guatemala does not have a consolidated legal framework that addresses the different types of land tenure. Therefore, land tenure, and rights related to forest tenure, must be analyzed in accordance with the Constitution²³, the Civil Code24, the 1996 Peace Accords25 and different legal acts such as the Protected Areas Law26, the Forestry Law²⁷, the Municipal Code28 and the Cadastral Information Registry Law (RIC)²⁹.
- 21. The Civil Code only recognizes private property (property of a person, companies, or group of persons) and state property (Article 456), which may be in the hands of the State or a municipality (Article 457). Guatemala, unlike other Central American countries, does not recognize Indigenous property as such as a distinct category of property. An indigenous community can own property if it is legally formalized through one of the legal figures allowed by law, such as associations or cooperatives and possessing property titles, thus considering itself as private property.
- 22. With respect to private and communal property, it should be noted that the rights associated with land tenure including forest tenure can be extensive depending on whether the rights holders are owners, possessors, or holders. These distinctions are important under the ERP given that the

²² https://www.maga.gob.gt/download/estrategiaganado.pdf

 $^{^{23}}$ Political Constitution of the Republic of Guatemala of 1985.

²⁴ Civil Code (Decree 106-1963).

²⁵ 1996 Peace Accords.

²⁶ Protected Areas Law (Decree 4-89).

²⁷ Forestry Law (Decree 101-96).

²⁸ Municipal Code (Decree 12-2012).

²⁹ Law of Registration of Cadastral Information (Decree 41-2005).

activities proposed in both the program and early REDD+ projects integrate several of these tenure categories. Section 4.4 of the ERPD presents the legal basis for tenure rights according to the type of land occupants: owners, possessors, and holders of land belonging to others.

1.3.2. Land tenure in protected areas

- 23. The tenure regime under the Protected Areas Law can be found in section 4.4 of the ERPD. Some aspects of the tenure regime within the SIGAP that are relevant to the BSP are highlighted below:
- 24. Forestry concessions. According to the Protected Areas Law and its regulations³⁰, CONAP may grant forest concessions, which are contracts with both private companies and local organizations for the sustainable and productive management of the forest. To date, these concessions, granted mainly to forest communities, have been issued only in the MBR, and are mostly the consequence of compliance with the 1996 Peace Accords. The rights and responsibilities of the concessionaires are included in the concession contracts and are limited to the rights stipulated in those contracts.
- 25. SIGAP Management Models. The legal basis for most of the co-management and co-administration models for protected areas is provided in the Protected Areas Law and the Policy for Joint Administration and Management of SIGAP.
- 26. Access to land for Indigenous Peoples and Local Communities (IPLC): while there is no legal framework for Indigenous land and forest tenure, the Guatemalan constitution protects the rights of Indigenous communities and cooperatives with historic or legal land claims and supports the transfer of state lands to communities. Public administration policy regarding access to land for Indigenous peoples is formally recognized in the 1996 Peace Accords, which establishes the government's obligations to restitute the land rights of Indigenous communities. This in turn is based on the Constitutional precept (Art. 67) that grants special protection to Indigenous groups, their cooperatives, and community lands. See details of community land rights in the Constitution of the Republic in Table 8 of the ERPD.
- 27. The recognition of land rights and forest resources in favor of Indigenous and rural communities has been concretized in several ways, including the following:
 - a. Community-owned land.
 - b. Land for community use, but with municipal title (municipal lands). Communities occupying municipally owned land can obtain a Certificate from the Municipal Council to become beneficiaries of the PROBOSQUE and PINPEP forestry incentive programs.
 - c. Community forest management concessions.
- 28. Forest policy and rural development programs promote the participation of rural communities in the activities and benefits obtained from the sustainable use of forests, including the following laws, policies, programs, and strategies:
 - a. PINPEP and PROBOSQUE laws.
 - b. INAB's Strategy for the Attention of Indigenous Peoples in the Forestry Sector in Guatemala. This Strategy promotes the formulation and implementation of guidelines for sustainable forest management, in accordance with the traditional knowledge of Indigenous Peoples. It also promotes inclusion, cultural relevance, and gender in INAB programs and services, among others. The Strategy also prioritizes the strengthening of community forest management platforms organized at the local, departmental, national and international levels.
 - c. CONAP's Cooperation Agreements or Permanence Agreements, which seek to facilitate the coexistence of human settlements in protected areas.

³⁰ Regulations of the Protected Areas Law, (Governmental Agreement No.759-90).

- d. National strategy for the management and conservation of natural resources on communal lands. This strategy is under the responsibility of CONAP and aims at the full recognition by the State and civil society of the historical rights to communal lands.
- e. National Policy for the Promotion and Integral Development of Women 2008-2023.
- f. MARN Gender Environmental Policy.
- g. INAB's Institutional Strategy for Gender Equity with Ethnic Relevance (2013)
- Institutional policy for gender equality and its strategic implementation framework 2014-2023 of MAGA.
- Convention on Biological Diversity approved and ratified by Guatemala through Decreee 5-95.
- j. Convention 169 of the International Labor Organization concerning Indigenous and Tribal Peoples in Independent Countries (Convention 169), ratified by Guatemala.
- k. The National Rural Development Policy (Objective G, Strategy 3.334)
- I. Climate Change Policy
- m. The Framework Law on Climate Change
- 29. The National Rural Development Policy was created within the national dialogue for comprehensive rural development and the resolution of land tenure, labor, and environmental conflicts. Therefore, one of its objectives is to strengthen social and environmental management and the rational use of environmental goods and services (especially soil, water, forests) to reduce vulnerability and the effects of climate change. It promotes several national programs. Two of them aim to establish, manage, and benefit from "energy forests" (short rotational wood) both for production and fuelwood and for forest products and by-products and their industrial transformation. Another aims to develop climate change adaptation projects with a special focus on carbon sequestration.
- 30. A large part of the indigenous communities currently has some form of registration and have been established through different legal forms (association, cooperative). It is precisely these categories of community tenure that the ERP will use. The legislation and programs that support community tenure in Guatemala are presented in Section 4.5 of the ERPD. Communal lands in their different forms are present throughout the country, although the lack of a specific census prevents quantifying the total and exact existence of communal lands in the country. According to the 2009 Diagnosis of Conservation and Natural Resource Management of Communal Lands carried out by CONAP, a total of 1,307 cases of communal lands were identified covering a total extension of 1,577,124 hectares throughout the country (equivalent to 15,771 km²), which corresponds to 12% of the country's surface.

1.3.3. Customary practices

31. At the community level, local and indigenous communities have a set of rules on the use of common land and resources that can be classified into four types³¹:

- a. Own rules: those that depend exclusively on the communities but have been constructed based on local initiatives and criteria. Some of these rules have been approved by the State and are published in the form of Statutes and Regulations, but most are governed by customary law.
- b. State-influenced rules: These are the rules that, in addition to local criteria, include aspects related to agreements for the management of protected areas, reserve lands and even lands granted by the Land Fund. This applies mainly to communities in or around protected areas, such as community forest concessions.

³¹ Diagnóstico de la Conservación y Manejo de Recursos Naturales en Tierras Comunales, CONAP, 2009. (See additional information on this topic in Table 9 of the ERPD).

- c. Rules oriented to forest management: These are the rules that, in addition to local regulations, include elements that ensure compliance with forest management commitments made with INAB, PINFOR or other entities that support forestry activities.
- d. Rules negotiated with municipalities: These are the rules that demonstrate the commitment made to municipalities for the use and management of resources on communal lands; generally, apply to communities using municipal lands.

1.3.4. Legal basis for the participation of municipalities as beneficiaries of the BSP

32. Municipal property is recognized in Article 457 of the Civil Code. Municipal lands are originally communal lands; many communal lands were registered under the name of municipalities because communities were looking for a way to protect their lands and, at the time of registration, it was determined that there was little difference between the municipality and the communities. In practice, municipal lands are often used by communities, whose rights precede those of the municipality itself, and by groups of people to whom the municipality grants tenure rights. Article 3 of the Municipal Code³² indicates that municipalities exercise autonomy even with respect to territorial planning and within their competencies is the environmental administration of the municipality's natural resources. Article 126 of the Political Constitution of the Republic and Article 98 of the Municipal Code specifically authorize municipalities to implement activities related to forest management.

1.3.5. Land tenure within early REDD projects +

33. The early REDD+ projects that will be part of the ERPD have their own land and forest tenure characteristics. Section 4.4 of the ERPD explains in detail the tenure regimes in the three early REDD+ projects.

1.3.6. Ownership of ERs and transfer of title to ERs

- 34. Decree 20-2020, enacted by the Congress of the Republic in April 2020, provides the legal basis for the ERP and the BSP, as explained below:
 - Empowers the Executive Branch, through MINFIN, to authorize negotiations and sign agreements and contracts for the ERP, through the ERPA signed with the World Bank as trustee of tranches A and B of the FCPF Carbon Fund for an amount of up to 10.5 million tons of Carbon Dioxide equivalent (tCO2e) as contracted volume, with possible additional ERs, under the terms of the ERPA. The authorization is extensive to enter subcontracts for the transfer of ER titles, as appropriate.
 - Authorizes MINFIN to be the Program Entity, and INAB the Executing Unit for which it should coordinate with MARN, MAGA and CONAP. MAGA should include in its own budget an additional allocation of 5 million Quetzales to INAB for ERP implementation.
 - Describes eligible beneficiaries for the ERP. In accordance with Article 22 of the
 Framework Law to Regulate Vulnerability Reduction, Mandatory Adaptation to Climate
 Change Impacts and GHG Mitigation, landowners, as well as persons or entities that
 implement the measures described in the ERP are considered beneficiaries and owners
 of ER titles. Therefore, these persons and entities will be considered beneficiaries of the
 BSP or its Regulation, as appropriate. It is also established that municipalities could be
 beneficiaries of the ERP.
 - Describes the benefit distribution mechanism. For the management of the resources associated with the ERP, a designated account will be created at the Bank of Guatemala,

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³² Congressional Decree 12-2002.

- according to the applicable regulations. MINFIN, through the Financial Directorate, will make the payment to the beneficiaries of the ERP.
- Authorizes to submit amendments, as necessary. Given the dynamic nature of the ERP, MINFIN is authorized to enter into agreements or contract amendments, as appropriate, including to add other projects to the ERP through letters of amendment entered between the Parties.
- Authorizes the use of the World Bank's ER Registry

1.3.7. Legal basis for BSP implementation arrangements

35. **ANNEX I** provides the legal basis for the roles of the different government institutions in the ERP and BSP, according to the agreed arrangements.

2. BENEFIT SHARING PLAN (BSP)

2.1. Design and structure of the BSP

- 36. The BSP creates an equitable benefit-sharing mechanism that seeks to effectively distribute the benefits that Guatemala would derive from the sale of ERs to the FCPF Carbon Fund. The BSP describes the various beneficiaries, their eligibility, roles, and responsibilities, specifying their scale and modalities for distribution. In addition, the BSP describes the type of benefits that will be transferred to the beneficiaries, the time frame in which the distribution would occur, and the conditions (roles and responsibilities) that must be satisfied for the payment of benefits, and the indicators for monitoring, measuring and compliance with the modalities for benefit sharing.
- 37. The BSP was developed based on the benefit sharing arrangements described in the ERPD submitted by the Guatemalan government to the Carbon Fund. The proposal included in this document reflects those arrangements and includes new ones agreed upon by the government and discussed with stakeholders, especially local organizations implementing early REDD+ projects, as well as potential beneficiaries of the ERPD. Consequently, this document should be considered as a tool for structured discussion to be refined through a process of dialogue with local stakeholders. The BSP was designed based on studies of legislation, lessons learned and good practices from pre-existing experiences in Guatemala, and consultations with local stakeholders. The BSP applies the basic concepts of benefit sharing from the Carbon Fund Methodological Framework (see Box 8).

Box 8.Carbon Fund basic concepts and requirements on benefit sharing

The Carbon Fund Methodological Framework requires REDD+ Countries to disclose at least an advanced draft of the proposed ERP BSP prior to signing the ERPA. The BSP should be disclosed in a format, manner, and language understandable to stakeholders affected by the ERP and contain the following information (Indicator 30.1^{33}):

The categories of potential beneficiaries, with a description of the conditions they must meet to receive potential Monetary and Non-Monetary Benefits under the ER Program and the types and scale of potential Monetary and Non-Monetary Benefits they could receive. Such benefits should be culturally and gender appropriate and intergenerationally inclusive. To identify potential beneficiaries, REDD+ strategies focused on effectively addressing the drivers of net emissions, proposed implementers, and the geographic distribution of those strategies, considering land and resource ownership rights (including legal and customary rights of use, access, management, ownership, etc. identified in the assessment conducted under criterion 28) and ER title ownership, among other considerations.

The criteria, processes, and schedules for the distribution of Cash and Non-Cash Benefits.

Arrangements for monitoring the BSP, including, as appropriate, the opportunity for the beneficiaries themselves to participate in the monitoring or validation process.

38. The BSP is organized into 11 sections. **Section 1** provides the context of the ERP and the BSP. **Section 2** presents the design and structure of the BSP, the provisions for modification of the document and the principles for benefit sharing. **Section 3** presents the definition of beneficiaries, the categories of potential beneficiaries and the selection criteria. **Section 4** presents the benefits, including the types of benefits, the conditions for using the benefits, the chronology for the distribution of benefits, and the scale of benefits. **Section 5** presents the criteria for the distribution of benefits and explains through a hypothetical example how to apply the criteria. **Section 6** presents the benefit-sharing mechanism applicable to all types of REDD+ initiatives and the mechanism applicable to each of them. **Section 7** presents the procedures for benefit sharing, including before, during and after benefit sharing. **Section 8** presents the guidelines for

³³

participation in the BSP. **Section 9** presents the monitoring provisions applicable to this BSP. **Section 10** presents the design process for benefit-sharing arrangements and the BMP; and **Section 11** addresses provisions regarding safeguards measures.

2.2. Modifications to the BSP

39. This document may be subject to modifications agreed between interested parties, subject to no objection from the World Bank, in consultation with the Carbon Fund Participants (donors). Table 1 presents a register for recording changes.

Table 1. BSP Modification Log

Date	BSP version	Modified section	Name of person who made the modification	Name of person who approved the modification

2.3. Principles of benefit sharing

- 40. Benefit sharing under the ERP is governed by the following general principles:
 - a. Equity and fairness: The distribution of benefits will be proportional to the contribution of each beneficiary or group to the generation of emission reductions and carbon sequestration through which results-based payments are received. Decisions on the distribution of these resources will be made with the participation of representatives of all key stakeholders on equal terms, based on this BSP.
 - b. **Transparency:** The distribution of benefits shall be made in accordance with rules and procedures that are clear and accessible to the public. Reporting on benefit sharing shall be done periodically and the corresponding reports shall be available to the public. Benefit sharing shall be subject to periodic audits and accountability.
 - c. Solidarity: The distribution of benefits will be carried out in solidarity to ensure the success of the ERP, through mutual support among the different key stakeholders, particularly in situations of force majeure that may affect the performance of some of them.
 - d. Continuous improvement: The BSP will contain measures to ensure that benefit sharing is improved based on the experience gained through its implementation and because of improvements in other relevant aspects of the ERP, such as MRV, reference levels, or nesting criteria.
 - e. **Efficiency:** To carry out benefit sharing, existing infrastructure, procedures, and capacities will be used whenever possible to minimize the costs of operating the BSP and, consequently, maximize the proportion of resources that will reach the beneficiaries.

3. BENEFICIARIES AND PROGRAM ACCESS ROUTES

3.1. Beneficiaries

- 41. Beneficiaries are the holders of emission reductions and may be individuals or legal entities that receive monetary or non-monetary benefits from the implementation of a REDD+ Initiative Project through a participation and title transfer contract with the Emission Reduction Program.
- 42. Beneficiaries will receive these benefits for the implementation of REDD+ actions or measures established in a Forest Management Plan in line with the 5 strategic options of the ERP during the results period (2020-2024), of projects that have been approved, evaluated, and certified in accordance with the Operational Manual of the BSP.

3.2. Types of Beneficiaries

- 43. According to Article 22 of Decree 7-2013 of the Climate Change Law³⁴, project owners may be individuals or legal entities and the State, who are owners or legal holders of the land or property on which the projects are carried out.
- 44. In accordance with Article 5 of Decree 20-2020 of the Congress of the Republic of Guatemala, both landowners in line with Article 22 of the climate change law, as well as persons or entities that implement the measures described in the program document, are considered beneficiaries and owners of the emission reduction titles. Therefore, persons and entities will be considered as beneficiaries according to the benefit sharing plan or regulation, as appropriate, among which municipalities may be included.
- 45. In line with the articles of the laws, the following are the types of beneficiaries:
 - a. Individuals or legal entities (landowners or holders)
 - b. Private companies
 - c. Municipalities
 - d. Cooperatives
 - e. Associations35
 - f. Communities
 - g. Committees
 - h. Communities duly represented and with an organic decision-making structure, including communities with ancestral titles.
 - i. NGO's
 - j. National government institutions
 - k. Among others that comply with the provisions of Article 22 of Decree 7-2013 and Article 05 of Decree 20-2020, both Congress of the Republic of Guatemala.

3.3. Pathways to the ERP

46. Beneficiaries may access the ERP through the following types of REDD+ Initiative Projects (RIP):

1. REDD+ projects:

o Early REDD+ projects: They are part of Guatemala's ENREDD+ and were designed prior to the implementation of the Emissions Reduction Program (ERP) and have a Project Development Document (PDD) approved by an International Carbon Standard of the voluntary market (e.g., VERRA), and are located within the geographic area of the ERP.

³⁴ Framework Law to regulate the reduction of the vulnerability and mandatory adaptation to the effects of climate change, and the mitigation of greenhouse gases emissions.

³⁵ As per definitions in Articles 15 and 17 to 28 of Decree Law No. 106 of the Civil Code and in accordance with Decree 2-2003 of the Non-Governmental Organizations Law.

- o New REDD+ projects: have a PDD approved by an International Voluntary Carbon Market Standard (e.g., VERRA), and are in the geographical area of the ERP.
- o They can be individual or grouped projects.

2. Mechanisms for Compensation of Forest-related Ecosystem and Environmental Services (MCEES)³⁶

- o Projects may be individual or grouped.
- o INAB has approved a Technical Guidelines for the Planning, Organization, Management and Control of Compensation Mechanisms for Ecosystem and Environmental Services associated with Forests³⁷, which details the types of beneficiaries.

3. SIGAP Management Models for the Conservation and Sustainable Use of Forests (SIGAP Management Models):

- These could be grouped or individual projects.
- CONAP has approved the Norms to Regulate and Promote Actions to Reduce Emissions from Avoided Deforestation and Degradation-REDD+- in the SIGAP, within the framework of the Emission Reduction Program ³⁸.

3.4. Participation of beneficiaries during REDD+ Initiative projects (RIP)

47. ERP beneficiaries may participate in three types of PIR (a) early and new REDD+ Projects, b) MCEEs and c) SIGAP Management Models individually or in groups as established in Table 2 and must complete the processes established in the Operational Manual.

Table 2. Justification of beneficiaries' participation in the execution of the Program

Type of execution	Type of beneficiary	Justification for participation in the BSP
	Individual RIP	
	 Individuals or legal entities (landowners or holders) Private companies Municipalities Cooperatives Forestry producers's ssociations Communities Communities Communities duly represented and with an organic decision-making structure, including communities with ancestral titles. 	It is responsible for implementing the activities included in its respective forest management plan. It is the holder of the emission reductions of the REDD+ Initiative Project.

³⁶ MCEES were established in Article 19 of the PROBOSQUE Law as instruments to pay for ecological services. These mechanisms are voluntary agreements that establish the transfer of economic or non-monetary resources between stakeholders with the objective of promoting sustainable activities by forest owners or holders that provide a defined ecological service.

se&doc=167632

Manual of Technical Guidelines for the Planning, Organization, Management and Control of Compensation Mechanisms for Ecosystem and Environmental Services associated with Forests. Available at: http://170.239.56.113/images/documentos/tecnicos/MLT%20Mecanismos%20de%20Compensacion.pdf

38 Norms to regulate and promote actions to reduce emissions from avoided deforestation and degradation-REDD+-in the SIGAP, within the framework of the Emission Reduction Program, available at: https://legal.dca.gob.gt/GestionDocumento/VisualizarDocumento?verDocumentoPrevia=True&versionImpresa=Fal

REDD+ Initiative Project (RIP):

- a) REDD+ projects (early and new)
- b) MCEEs
- c) SIGAP Management Models

- o NGO's
- National government institutions
- Among others that comply with the provisions of Article 22 of Decree 7-2013 and Article 05 of Decree 20-2020, both Congress of the Republic of Guatemala.

It is the final beneficiary of the REDD+ Initiative Project.

Companies, cooperatives, communities, committees, NGOs, and associations shall behave as an individual organization when submitting a project for which they are the sole owners of the emission reductions.

Grouped RIP

- o Individuals or legal entities (landowners or holders)
- o Private companies
- o Municipalities
- o Cooperatives
- Forestry producers's ssociations
- o Communities
- o Committees
- Communities duly represented and with an organic decision-making structure, including communities with ancestral titles.
- o NGO's
- National government institutions
- o Among others that comply with the provisions of Article 22 of Decree 7-2013 and Article 05 of Decree 20-2020, both Congress of the Republic of Guatemala.

The representative of the REDD+ Initiative Project is responsible for implementing the activities included in its respective forest management plan, in coordination with the final beneficiaries.

The REDD+ Initiative
Project Representative is
the holder of the
emission reductions of
the REDD+ Initiative
Project, to whom the
ownership of the
emission reductions
generated by the REDD+
Initiative Project has
been previously
transferred.

The REDD+ Initiative Project representative is the direct beneficiary of the REDD+ Initiative Project, who shall carry out the process of distribution of monetary or non-monetary benefits among the final

	beneficiaries of the REDD+ Initiative Project.
Program execution through INAB	INAB, as the Executing Entity, will manage the operation and transaction of the fixed costs associated with the BSP (See Section 4). It will also be responsible for monitoring and consolidated reporting on the performance of the REDD+ Initiative Projects, including variables such as carbon, safeguards compliance, fiduciary issues, and benefit sharing.

48. The beneficiary of an individual REDD+ Initiative Projects will receive the monetary benefits directly. In the case of beneficiaries participating through grouped REDD+ Initiative Projects, they will receive the monetary or non-monetary benefits through their representative, who in turn will distribute them to the final beneficiaries.

3.5. Eligibility of Beneficiaries

49. The following section presents the eligibility criteria for receiving ERPA benefits from results-based payments in accordance with this BSP, considering general and specific aspects applicable to each type of RIP:

3.5.1. Specific eligibility and exclusion criteria for MCEES projects

- 50. To be eligible to receive benefits from the results-based payments from the BSP, RIP type MCEES Projects meet the following criteria.
 - a. Be in at least one of the following areas (based on existing maps or maps to be prepared by INAB for each of the areas, available on INAB's website³⁹, ⁴⁰):
 - Areas incentivized by the Forestry Incentive Programs PINFOR, PINPEP or PROBOSQUE, based on the location maps of the Forestry Incentive Projects.
 - Critical deforestation areas based on the most recent Map of forest cover dynamics of the Republic of Guatemala, published by INAB.
 - Areas of forest degradation based on the most recent Fire Scar Map published by INAB.
 - Forest cover areas based on the most recent Map of forest cover dynamics of the Republic of Guatemala, published by INAB.
 - Areas with potential for land restoration based on the Map of potential areas for forest landscape restoration in the Republic of Guatemala.
 - Areas of forest located in upper, middle, and lower watersheds based on the Map of upper, middle, and lower watersheds of the Republic of Guatemala, published by INAB.
 - Forest areas located in catchment, regulation, and water recharge lands, based on the Map of forest lands of catchment, regulation, and water recharge of the Republic of Guatemala, published by INAB⁴¹.

³⁹ INAB maps available on its Geo portal web page: https://sig.inab.gob.gt/portal/home/index.html

⁴⁰ To facilitate the access of users and potential beneficiaries to the information and maps of the emission reduction program, they may choose, with their own resources, the technical support of "Forest Management Plan Developers" previously trained and registered with INAB, in a similar way as it has been implemented for more than 20 years to support beneficiaries to access the Forest Incentive Programs PINFOR, PINPEP and PROBOSQUE. The list can be accessed through the following link: https://inab.gob.gt/index.php/centro-de-descargas#t%C3%A9cnicos-y-profesionales-activos-en-el-registros-nacional-forestal.

⁴¹ Map of the upper, middle, and lower watersheds of the Republic of Guatemala and Map of forest lands for catchment, regulation, and water recharge of the Republic of Guatemala, available in the Geo portal of INAB's web page.

- Municipalities benefited by the FIP Program, for this purpose INAB will publish the list of municipalities on its website and in the call for proposals.
- Municipalities prioritized in the manual of technical guidelines for the planning, organization, management and control of Compensation Mechanisms for Ecosystem and Environmental Services associated with Forests.
- b. Comply with relevant regulatory framework for the MCEES Projects, established in the Technical Manual Guidelines Planning, Organization, Management and Control of MCEES projects.
- c. At least 35% of project beneficiaries must be women.
- d. Beneficiaries of the grouped and individual projects can be young people over 18 years of age.⁴²
- 51. The following are exclusion criteria applicable to MCEES projects:
 - a. Projects in areas with high levels of conflict, very low levels of governance and illegal invasions or encroachments.⁴³
 - b. Projects that carry out activities linked to the exclusion criteria indicated in the Environmental and Social Management Framework (ESMF), which have implications for the physical, social, and economic impact of the populations.⁴⁴
 - c. Projects overlapping with other RIPs.

⁴² Article 8 of the Civil Code (Decree Law No. 106) establishes the age of majority as from 18 years of age.

 ⁴³ See Guatemala's ERPD on page 65, Figure 23, the map of conflict areas available at:en
 https://www.forestcarbonpartnership.org/system/files/documents/Guatemala_ERPD_11_05_2019.pdf
 ⁴⁴ The exclusion criteria of the MGAS can be found in chapter 9 and page 192 available at:
 https://www.inab.gob.gt/images/pif/pre/salvaguardas/MGAS_PRE%20de%20Guatemala-vf.pdf

Box 9. Priority areas for MCEES Projects establishment

Given the size of the ERP, INAB has identified the potential priority areas for the establishment of MCEES projects. Error! Reference source not found.below shows the municipalities with the highest historical emissions (in red and orange), using data compatible with the ERP's Forest Reference Level (FRL). The map in the upper left corner shows the priority municipalities (in dark brown) for the establishment of MCEES projects; in addition to having ER potential, they have considerable density of forestry incentive projects, have potential for watershed protection and land restoration, and for addressing food insecurity.

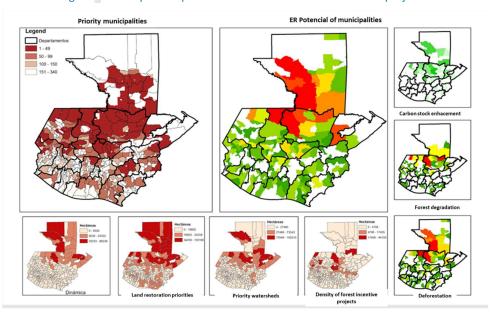


Figure 2. Priority municipalities for the establishment of MCEES projects.

INAB prioritized 150 municipalities (out of a total of 340) for the establishment of MCEES projects. It also identified the top 47 municipalities considering variables such as: areas incentivized through PINFOR, PINPEP and PROBOSQUE; additional hectares to be incentivized with PIF; and new areas to be included with forestry incentive programs, based on INAB's 2018-2022 plan. In the upper left corner of the map in Error! Reference source not found. shows the top 50 municipalities in dark brown.

Preliminarily, INAB forecasts that the 47 major municipalities could reduce their deforestation rate by 14% annually, on average over the ERPA period. This reduction would be achieved with the support of the FIP and forest investment programs, among others. INAB also predicts that the remaining 103 municipalities (in light brown in the upper left corner of the map) could reduce their deforestation rate by approximately 10% annually, with support from forestry incentive programs.

INAB anticipates that about 1,367 MCEES projects will be established within the 150 municipalities over the ERPA period. The majority (about 60%) of the MCEES projects will be in the 47 FIP beneficiary municipalities. The average size of MCEEs will be at least 100 hectares for community MCEEs and an estimated 1000 hectares for MCEEs in Regional Municipal Parks. Therefore, INAB would sign around 1367 contracts with MCEES holders. INAB will make open calls for the development of MCEES in priority areas, considering the need to manage stakeholder expectations, based on potential payments for results.

The potential number of beneficiaries in each of the MCEEs is not yet known since they will be developed on a demand-driven basis, just like the forestry incentive programs. Given that the average size of forest incentive projects is about 2.5 hectares, a 100-hectare community MCEES could have 40 beneficiaries.

3.5.2. Specific eligibility and exclusion criteria applicable to SIGAP Management Models:

- 52. To be eligible to receive benefits from the results-based payments, REDD+ Initiative Projects within SIGAP and SIGAP Management Models initiatives must meet the following criteria:
 - 1. Be Guatemalan individuals, legal entities or organizations that participate in collaborative models of co-administration and co-management of protected areas; with a management contract in force in SIGAP.
 - 2. Comply with elegibility criteria under the "Norms to regulate and promote actions to reduce emissions from avoided deforestation and degradation -REDD+- in the SIGAP, within the Emissions Reduction Program framework".
- 53. The following are exclusion criteria for SIGAP Management Models:
 - a. Projects in areas with high levels of conflict, very low levels of governance, and illegal invasions or encroachment.
 - b. Projects that carry out activities linked to the exclusion criteria indicated in the Environmental and Social Management Framework (ESMF), which have physical, social, and economic impacts on the populations.
 - c. Projects that overlap with other REDD+ Initiatives Projects.
 - d. Projects that include communities settled after the date of protected area declaration.⁴⁵

3.5.3. Specific eligibility and exclusion criteria for early and new REDD+ projects

- 54. To be eligible to receive benefits from the results-based payments of the BSP, REDD+ Initiative Projects type REDD+ Projects (early and new) must meet the following criteria:
 - For REDD+ projects (early and new) certified by the international voluntary carbon market standard (VERRA), or must have proof of certification in process, as well as approvals from the relevant government institutions.
 - Respect the principles described in this BSP and develop activities or measures linked to at least one of the strategic options defined in the Emission Reduction Program Document (ERPD), through a forest management plan.
 - Early REDD+ projects that were current in the VERRA-CVS standard prior to signing the ERPA will use the principles of the Emission Reduction Program Nesting Protocol.
 - Be geographically located within the Emission Reduction Program accounting area.
- 55. The following are exclusion criteria for REDD+ Initiative Projects type REDD+ Projects (Early and New):
 - a. Projects in areas with high levels of conflict, very low levels of governance and illegal invasions or encroachment.
 - b. Projects that carry out activities linked to the exclusion criteria indicated in the ESMF, which have physical, social, and economic impact on the population.
 - c. Projects that overlap with other REDD+ Initiatives.
 - d. Projects not aligned to the ERP forest reference leves, unless indicated in the nesting protocol.

3.5.4. Requirements applicable to all types of REDD+ Initiative Projects (RIP) to receive ERPA benefits

56. To be eligible to receive benefits from the BSP results-based payments RIPs must meet the following requirements:

⁴⁵ In accordance with the Law of Protected Areas; Decree 4-89 of the Congress of the Republic of Guatemala https://www.acnur.org/fileadmin/Documentos/BDL/2008/6696.pdf

- a. Develop a Forest Management Plan for the respective RIP, using the format indicated in the Operations Manual for the BSP.
- b. Have implemented REDD+ actions or measures in accordance with the Forest Management Plan approved by INAB, the strategic options of the ERP and in accordance with the Environmental and Social Management Framework (ESMF) and other environmental and social standards documents of the Program. 46
- c. Have reported compliance with the forest management plan in accordance with the procedures established in the Operating Manual and in the respective contract to be signed with the government (see section f below).
- d. Formally express compliance with the provisions of the BSP, the norms of the Environmental and Social Management Framework (ESMF) and other environmental and social standards documents of the Program, the fiduciary and anti-corruption policies of the World Bank, among other requirements of the Bank, within the Guatemalan legal framework, through compliance with the Contract of Participation and ER Title Transfer.
- e. Be registered in the MARN Registry of GHG Reduction and Removal Projects, after having generated an emissions reduction certificate by INAB.
- f. Have signed a Contract (Unilateral) for Participation and Compliance with GHG emission reduction and ER Title Transfer for RIPs under the ERP of INAB.⁴⁷

⁴⁶ The Operational Manual of the BSP establishes that INAB, through its technical staff, will carry out a continuous process of convening and training stakeholders to provide greater access and understanding of Forest Management Plans development, the BSP, Environmental and Social compliance, among others.

⁴⁷ This contract will allow the transfer of ER titles generated under the RIPs from tithe RIP title holder to INAB, which, in turn, will transfers the ER titles to the FCPF Carbon Fund.

4. BENEFITS

4.1. Types of monetary and non-monetary benefits

4.1.1. Carbon benefits

- 57. Results-based payments from the Carbon Fund will be distributed among BSP beneficiaries in the form of monetary and non-monetary benefits, according to the specific rules of each type of REDD+ Initiative Project in which they participate (see Table 3). Error! Reference source not found.).
- 58. The Emission Reduction Certificate Holders of REDD+ Initiative Projects will be the direct beneficiaries and will receive monetary benefits. The final beneficiaries of REDD+ Initiative Projects will decide whether to receive monetary benefits, non-monetary benefits, or a mix of both.
- 59. The type of benefits directed to the final beneficiaries of each REDD+ Initiative Project reflects the results of the stakeholder dialogues conducted for each type of REDD+ Initiative Project (see **Section 10.2**). Table 3 presents indicative examples of the use of benefits in the different REDD+ Initiative Projects.

Table 3. Types of benefits to be received by REDD+ Initiatives.

Type of REDD+ Initiative Project	Holder of the grouped or individual REDD+ Initiative Project	Final Beneficiaries of the REDD+ Initiative Projects
Early REDD+ Guatecarbón Project	Monetary	Non-monetary
Early REDD+ Lacandón Project	Monetary	Monetary
REDD+ Local REDD+ Project	Monetary	Monetary and non-monetary s
New REDD projects +	Monetary	Monetary and non-monetary, according to the decision made by the final beneficiaries
MCEES	Monetary	Monetary and non-monetary, in accordance with the decision made by the final beneficiaries
Management Models for the Conservation and Sustainable Use of Forests in SIGAP	Monetary	Monetary and non-monetary, in accordance with the decision made by the final beneficiaries

60. The INAB and CONAP may receive monetary and non-monetary benefits. CONAP, through the GUATECARBON Project, may receive non-monetary benefits in kind for institutional strengthening for the actions of the GUATECARBON Project according to the internal Benefit Sharing Plan of the Project. INAB will receive monetary benefits as fixed costs of the Program, which will be used for operational activities.

4.1.2. Non-carbon benefits

- 61. The following non-carbon benefits are listed in the ERPD. These non-carbon benefits will not form part of the BSP itself (which is limited to monetary and non-monetary benefits only) but are listed here for stakeholder information purposes only.
- 62. The ERP will contribute to expanding or extending the benefits of its underlying programs and projects, which are relevant at global, national, regional, and local levels. Thus, the ERP will contribute to ecological benefits such as prevention of soil erosion, as well as biodiversity and water conservation. The ERP will also contribute to strengthening forest sector governance and the capacity of local stakeholders to develop and implement sustainable land management plans. It will also contribute to promote the inclusion of vulnerable communities in forestry and agroforestry activities, as well as the respect and value of ancestral and traditional knowledge about forests and territories. On the socioeconomic side, the ERP will contribute to reducing food insecurity and generating employment through local stakeholder participation in forest monitoring and the integration of Micro, Small and Medium-sized Enterprises (MSMEs) into timber and NTFP value chains. As explained in Section 1.2, the ERP takes advantage of Guatemala's extensive experience in implementing public policies in the forestry sector and will also take advantage of the experience of government institutions monitoring the environmental and socioeconomic impacts of their actions. Non-carbon benefit indicators will be prioritized and monitored through the forest management plans of REDD+ initiative projects, according to institutional capacities and the availability of resources for monitoring.

4.2. Conditions for the use of the ERPA benefits

- 63. The ERPD establishes that results-based payments should support the implementation of REDD+ measures and activities. To ensure this, the ERPD Executing Unit will evaluate compliance with the forest management plan of each REDD+ Initiative Project. The criteria for approval of REDD+ Initiative Projects are established in the beneficiary eligibility section, which include those related to compliance with the parameters established in the Environmental and Social Management Framework and the ERPA Safeguards instruments.
- 64. The following activities cannot be financed with payments for results obtained from the ERPA:
 - a. Activities related with invasions and encroachments⁴⁸.
 - b. The theft or disturbance of physical cultural resources (including sites of exceptional archaeological, paleontological, historical, religious and natural value).
 - c. Financing of elections or electoral campaigns.
 - d. Purchase of weapons or ammunition.
 - e. Purchase of pesticides prohibited by law or banned in the MGAS
 - f. Planting of narcotics or crops dedicated to the production of alcoholic beverages.
 - g. Opening railroad tracks, construction of transmission lines, or the use of heavy machinery that may result in forest degradation, soil erosion, or disruption of natural habitats.
- 65. REDD+ Projects, early and new, should invest the benefits obtained from the ERPA in the implementation of the measures and activities established in their forest management plan, in accordance with its own BSP. MCEES projects and SIGAP Management Models will invest the benefits obtained in financing REDD+ actions in their forest management plans. **Table 4** presents indicative examples of the use of benefits in the different types of REDD+ Initiatives.

⁴⁸ Invasion and encroachment are regulated by the country's legal framework; the BSP must comply with such framework and does not seek to exclude local Indigenous communities, which historically and currently participate in forestry activities inside and outside protected areas.

Table 4. Examples of the use of benefits in different REDD+ Initiatives

Project	REDD+ Initiative Project Holder	Types of benefits for final beneficiaries	Examples of the use of benefits (based on the 5 strategic options of the ERP)
Early REDD+ Guatecarbón Project	Titleholder of the REDD+ Project ⁴⁹	Non-monetary s	a. Fire management and fire management monitoring. b. Community monitoring and patrolling events, through forest fire commissions and forest monitoring. c. Training and courses, community tourism packages, investments in productive activities, sustainable forest management. d. improvements to forestry MSMEs, preparation of business plans, among others.
Early REDD+ Lacandón Project	Titleholder of the REDD+ Project ⁵⁰	Monetary	a. Establishment and maintenance of forest firebreaks (purchase of fuel, equipment, fees) b. Purchase of seedlings c. Technical assistance d. Minor community works such as construction or maintenance of schools and roads.
Local Networks for Development REDD+ Project	Titleholder of the REDD+ Project ⁵¹	Monetary and non- monetary, according to the decision taken by the final beneficiaries	a. Purchase of machinery to strengthen agroforestry transformation systems. b. Implementation of forest brigades and forest fire prevention en c. Strengthening of municipal forestry offices
New REDD+ projects	Titleholder of the Individual or grouped REDD+ Project Holder	Monetary and non- monetary, according to the decision taken by the final beneficiaries	a. The use of benefits will be approved by the governance committee of each new REDD+ project. These could be used for the implementation of actions considered under the ERP to ensure ER generation.
MCEES	Title holder of the Individual or grouped MCEES	Monetary and non- monetary, according to the decision taken by the final beneficiaries when the project is a group project.	a. Forest firebreaks b. Purchase of inputs for agroforestry production activities (seeds, plants, equipment for forest nurseries, irrigation of forest nurseries or small plots, etc.),

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 $^{^{49}}$ ACOFOP has participated in the dialogues for ERP and BSP design. INAB will confirm the title holder of this REDD+ Project upon submission of the REDD+ Project documentation.

⁵⁰ Fundación Defensores de la Naturaleza has participated in the dialogues for ERP and BSP design. INAB will confirm the title holder of this REDD+ Project upon submission of the REDD+ Project documentation ⁵¹ Fundación CALMECAC has participated in the dialogues for ERP and BSP design. INAB will confirm the title holder of this REDD+ Project upon submission of the REDD+ Project documentation.

			c. Equipment to carry out forestry activities under the project.
SIGAP Management Models	REDD+ Initiative Project Holder	Monetary and non- monetary, in accordance with the decision adopted by future beneficiaries	 a. Purchase of supplies for fire control, forest control and surveillance, productive projects aligned with the Master Plan of each protected area. b. Research

4.2.1. Use of ERPA benefits by municipalities

66. Municipalities will use the results-based payments to finance the management plan for their respective REDD+ Initiative Project (i.e., MCEES project or new REDD+ project). Such a plan will be aligned with current national regulations as well as World Bank policies applicable to the ERP. The participation of municipalities as direct beneficiaries of the BSP is based on their participation as beneficiaries of PINFOR, PINPEP and PROBOSQUE forestry incentive programs. Municipalities are proponents of forestry incentive projects to protect forests or to carry out sustainable forest management on forest lands owned by municipalities. From 2006 to 2019, forestry incentive programs incentivized more than 6641 municipal projects (25.2% of total projects nationwide), representing an area of 234,478 hectares, and indirectly benefiting more than 706,133 people. The municipalities use the economic benefits of the forestry incentive programs to finance the implementation of the forest management plan, which INAB evaluates and certifies. In most cases, the projects conducted by the municipalities generate jobs for community members who participate in the implementation of specific activities of the project's management plan.

4.3. Timeline for benefit distribution

- 67. The ERPA is designed for payment by results of emission reductions generated and verified during the monitoring periods with the following dates: (i) the first RP would cover the ERPA period from January 1, 2020, to December 31, 2020; (ii) the second would be from January 1, 2021, to December 31, 2022; and (iii) the third would be from January 1, 2023, to December 31, 2024. Following the provisions of the General Conditions⁵² of the ERPA, Governments must submit a Monitoring Report (MR) to the Carbon Fund 45 days after the end date of each RP, applying the agreed monitoring protocols and report formats (see **Section 9**). Subsequently, based on a verification report to be conducted by an independent party, the Carbon Fund will calculate the corresponding results-based payments, which will be distributed in accordance with this BSP. **ANNEX III** presents a chronology from MRV to delivery of benefits to final beneficiaries each Reporting Period.
- 68. The distribution of benefits must be carried out in the most expeditious manner possible, for which the Program Executing Unit will establish the maximum period that each step must take for the distribution of resources, considering the provisions in this BSP, in accordance with the regulatory framework in force.

4.4. Scale of ERPA benefits

69. The scale of benefits Guatemala will receive will depend on the ERP performance. The maximum volume expected from the ERPA is 10.5 million tCO2e over the term of the ERPA. Guatemala estimated the minimum volume of ERs to be contracted in each Reporting Period -RP- (See Table 5). Error! Reference source not found.). The expected minimum volumes are extremely conservative for the first and second RPs (3.5% and 16.5%, respectively), reflecting the time

⁵²

needed to establish new REDD+ Initiatives. Guatemala also estimated maximum expected ER volumes for the first and second RPs, based on an estimate of the performance rates of the different REDD+ Initiatives. These maximum volumes represent the limit above which nested REDD+ Projects could offer ERs to other buyers in the first and second RP.

Table 5. Minimum and maximum volume of expected ERs

RP	Expected minimum volume of REs to be contracted. (tCO2e)	Maximum expected volume of REs to be contracted. (tCO2e)
1	367,500	1,063,242
2	1,732,500	4,249,837
3	8,400,000	
Total	10,500,000	

70. The Error! Reference source not found. presents the ERPA value considering three ERP performance scenarios. The optimistic scenario assumes delivery of 100% of the minimum volume of ERs expected to be contracted, the moderate scenario 50% and the pessimistic scenario 20%. The scale of benefits in these scenarios, considering a price of US\$5/tCO2e, would be US\$10.5 million, US\$26.25 million, and US\$52.5 million, respectively, over the ERPA term.

Table 6. Scale of ERPA benefits considering three performance scenarios.

Reporting Period (RP)) Value of ERs generated in different performance scenario		
	Pessimistic scenario	Moderate scenario	Optimistic scenario
	(Performance of 20%)	(50% performance)	(100% performance)
1	367,500	918,750	1,837,500
2	1,732,500	4,331,250	8,662,500
3	8,400,000	21,000,000	42,000,000
Total	10,500,000	26,250,000	52,500,000

- 71. The distribution of gross ERPA benefits to each REDD+ Initiative registered in the ERP shall be calculated according to the criteria presented in **Section** 5.
- 72. During the process of dialogue and socialization of the BSP with stakeholders, the scale of benefits of the ERPA was presented and there were no comments.⁵³

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⁵³ See Secction 10 and Annex 5 of this BSP.

CRITERIA FOR BENEFIT DISTRIBUTION

5.1. Distribution of ERPA gross payments and fixed costs

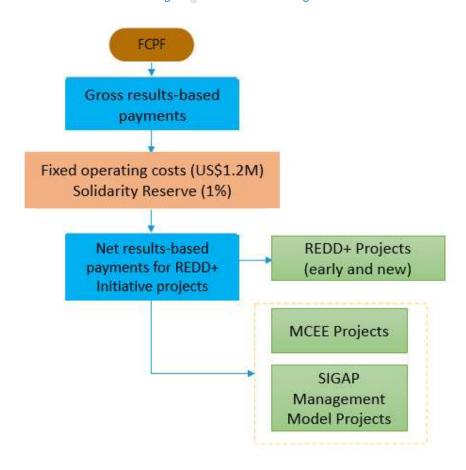
73. The total ERP budget is US\$226.1 million and will be supported through investment financing from multiple sources. Guatemala will cover approximately 62% of the costs from domestic resources, including those from forest incentive programs and in-kind contributions. Approximately 1.5% of the budget is expected to be covered by grants and concessional resources from international development organizations; 9.3% from FIP concessional funding; 4% from REDD+ projects. ERPA revenues will contribute to cover 23% of Program costs.

Table 7. Annual ERP operating costs

Operational costs with ERP resources	Reference costs (US\$/year)
MRV (4 technical advisors, equipment)	115,000
Implementing Unit (financial assistant and supervisor)	60,000
Feedback Grievance Redress Mechanism (FGRM) –	30,000
operationalization and functioning	
Safeguards (one social specialist and one environmental	50,000
specialist)	
Safeguards implementation verification	10,000
Appraisal and communication initiatives	20,000
Third-party audits	15,000
Total	300,000

- 74. Table 7 describes the estimated fixed costs that will be updated based on the financial availability according to the fixed costs and according to the final costs of each of the activities.
- 75. Only verified ERs from REDD+ Initiative Projects registered under the ERP will trigger performance payments from the FCPF Carbon Fund to be distributed among the beneficiaries. Gross ERPA revenues will be distributed among the various ERP beneficiaries as shown in Figure 3. Error! Reference source not found. Net results-based payments will be calculated by subtracting US\$1,200,000 from the gross payments to cover fixed costs over the entire ERPA period on a prorata basis for each disbursement as described in the Operational Manual and a maximum of 1% for the Solidarity Reserve in each RP. The fixed costs will be used to finance the independent audit and to ensure proper implementation of the ERPA, particularly in relation to safeguards, MRV, the FGRM, evaluation, communication, among other costs. The net results-based payments will be fully distributed among the actors that contribute to the generation of ERs as part of the REDD+ Initiative Projects approved, evaluated, certified by INAB, and registered in the MARN Registry for GHG Emissions and Removals Projects.

Figure 3. ERPA benefit sharing



5.2. Criteria for benefit distribution

- 76. The principles of the BSP listed in **Section 2.3** were the basis for defining the following criteria to be applied in calculating benefit sharing.
 - Criterion 1: Contribution to the generation of ERs by REDD+ Initiatives
- 77. This is the main criterion for the distribution of ERP benefits and is measured in tonnes of Carbon Dioxide equivalent (tCO₂e) or benefits per hectare, as appropriate. This criterion will be applied in two steps:

Step 1: calculation of benefit sharing between REDD+ Projects and the "Rest of the ERP Area".

- 78. The contribution to the Program's emission reductions generated by REDD+ projects (early and new) will be calculated in tCO2e because having their own Forest Reference Level (FRL) (aligned or nested to the ERP reference level for the 2020 monitoring period) facilitates the accounting of results through the MRV system.
- 79. The first step will calculate the distribution of net results-based payments related to early REDD+ projects and the "Rest of ERP areas". To make this calculation the nesting protocol⁵⁴ should be applied, which is applied to the ERP sub-areas presented in Error! Reference source not found. The Local Networks for Development REDD+ project will be included in the category of early REDD+

⁵⁴ The nesting protocol is an update of Annex XI of the ERPD. It includes a methodology for integrating early REDD+ projects into the ERP despite differences in methodological carbon accounting between the VERRA/VCS standard and the Carbon Fund Methodological Framework.

projects as soon as it has been registered in the VERRA/VCS and/or in the Registry of Projects that Reduce and Remove GHGs of the MARN⁵⁵.

Initiative/area REDD+	Area (ha)	%
Early REDD+ Lacandón Project (entire Project area)	205,107.39	2
Early REDD+ Guatecarbón Project (partial Project area)	663,857.51	7
Rest of ERP areas	9,116,965.11	91
Total ERP accounting area	9,985,930.00	100

Table 8. ERP areas used in the nesting approach.

- 80. The nesting protocol distribute quotas of the FRL among the three ERP sub-areas (see **Table 9**). La distt quotas must be re-estimated each RP when calculating the ERs generated by each REDD+ Initiative or ERP sub-area.
- 81. To enter the ERP, REDD+ projects must comply with eligibility criteria established in this BSP and have implemented REDD+ measures or activities as indicated in the corresponding Forest Management Plan. INAB will carry out a process to approve, evaluate and certify compliance with the Forest Management Plan and the ER title transfer process, prior to receiving ERPA results-based payments.
- 82. **Table** presents the quotas assigned in the nesting protocol to the Guatecarbon and Lacandon REDD+ Projects and the "Rest of the ERP areas". **Annex II** presents the disaggregated quotas for each REDD+ activity. ⁵⁶

	RE (tCO₂ e) f	rom the FRL	Portion FRL (%)	
Area	Emissions	Removals	Emissions	Removals
Early REDD+ Lacandón Project	595,160.43	-63,486.36	4	3
Early REDD+ Guatecarbón Project	1,530,652.10	-197,837.34	10	9
Rest of ERP areas	13,175,427.00	-1,954,470.30	86	88
Total	15,301,239.53	-2,215,793.99	100	100

Table 9 . FRL quotas assigned to each ERP area.

Step 2: Calculation of benefit sharing within the "Rest of ERP Areas".

- 83. The contribution of MCEES and the SIGAP Management Models to emission reductions generation will be calculated based on the extent (in hectares) of the areas where they have successfully implemented REDD+ measures or activities. Accounting for tCO2e in small areas, as in the MCEES and the SIGAP Management Models, still represent a challenge for MRV systems, so benefit sharing will be done through per hectare payments.
- 84. To estimate the contributions of each MCEES and SIGAP Management Model to the ERP emission reductions (for title transfer purposes, but not payment), the contributions of ERs per hectare in the Rest of ERP area will be estimated by dividing the emission reductions of the Rest of ERP areas by a potential area (in hectares) prioritized for the implementation of the MCEES projects and SIGAP Management Models, as follows:

Contributión of ERs per hectare =
$$\frac{ERs \text{ of the RA-ERP}}{Priority \text{ areas inside the RA-ERP}}$$
 Equation 1

⁵⁵ According to "Annex 4 Summary of the Nesting Approach" of the ERPA Project Appraisal Document: The Local Networks for Development REDD+ Project (Calmecac Foundation) will be assigned a quota once it is registered in the MARN GHG Emission Reduction or Removal Project Registry in accordance with the requirements established in Annex XI of the ERP and the Regulations for the Registry of Greenhouse Gas Emission Reduction or Removal Projects (Ministerial Agreement No. 284-2020).
⁵⁶ The data will be reviewed and updated based on the FRL and results of the validation and verification process of the Emission Reduction Monitoring Reports for the corresponding periods.

Where:

Contribution of ERs per hectare= Contribution of ERs from each MCEES or SIGAP Management Model project indicated in ER (tCO₂) per hectare, in the Rest of the ERP area.

ERs of the RA-ERP: ERs generated in the "Rest of the ERP Area"

Priority areas inside the RA-ERP: Priority areas for MCEES and SIGAP-Management Models inside the "Rest of the ERP Area", considering eligibility criteria indicated in this BSP.

85. Within the "Rest of the ERP areas", benefits will be distributed through per hectare payments to MCEES Projects and SIGAP Management Models, which have entered the ERP; met the different eligibility criteria established in this BSP; implemented REDD+ Measures or activities through a Forest Management Plan, which will undergone an approval, evaluation, and certification process by INAB, in addition to the transfer of ER titles. The REDD+ Measures to be benefited include those listed below (previously reviewed during the BSP socialization workshops and in line with the ERP strategic options and the current legal framework).

Box 10. REDD+ measures for benefit distribution applicable to MCEES and SIGAP Managemenet Models

Projects

- Sustainable management of forest cover for protection and strengthening of forest governance.
- 2. Restoration of degraded forest lands: natural regeneration, secondary forests.
- 3. Restoration of degraded forest lands: Riparian forests and degraded forests.
- 4. Restoration of degraded forest land: Mangrove Forest.
- 5. Establishment and maintenance of silvopastoral systems.
- 6. Establishment and maintenance of forest plantations for energy purposes.
- Establishment and maintenance of agroforestry systems in association with annual crops.
- Establishment and maintenance of agroforestry systems in association with perennial crops.
- Establishment and maintenance of plantations and forests for industrial purposes and value chains for forest products and by-products.
- 10. Sustainable management of forest cover for production purposes and value chains of forest products and by-products.
- 86. REDD+ measures may be updated by INAB's Board of Directors, in accordance with the ERP's strategic options, the current legal framework, and in consultations with relevant stakeholders when appropriate.
- 87. INAB will establish annual amounts to be financed per hectare for each REDD+ measure, based on their implementation costs. A technical committee will estimate the annual amounts based on INAB's experience in establishing amounts paid under the forest incentive programs (i.e., PROBOSQUE and PINPEP), and the INAB's Board of Directors will review and approve the proposed annual amounts. This process will be carried out after the approval of this BSP by the FCPF and at least three months prior to the benefit distribution process.
- 88. Below is the benefit distribution formula to distribute net results-based payments per hectare within the "Rest of ERP Areas". This formula will be applied after applying deductions for fixed cost and solidarity reserve. Table 7 presents an example of the application of the formula for a project.

Net payment per project =
$$\sum_{i=1}^{n} (Amount per mesure_n * area of mesure_n)$$
 Equation 2 Where:

Amount per measure_n: Quetzales per hectare per each measure indicated in Table 9, which will be established by INAB's Board of Directors

Area of measure_n: total area in hectares corresponding to each measure implemented in a RIP type MCEES and SIGAP Management Models

Table 10. Example of the calculation of net annual payment to a 100-hectare size project in the "Rest of the ERP area"

Measure	Area (ha)	Amount per hectare approved by INAB's Board of Director (Quetzales/ha)	Amount to pay per measure in the MCEES/SIGAP Management Model (Quetzales)
1. Sustainable management of forest			
cover for protection and strengthening	20	n	20xn
of forest governance.			
5. Establishment and maintenance of	15	n	15xn.
silvopastoral systems			
7. Establishment and maintenance of agroforestry systems with annual crops.	30	n	15xn.
9. Establishment and maintenance of forestry plantations and forests with industrial purposes, and value chains of timber and non-timber products.	35	n	15xn.
Net payment for the MCEES or SIGAP Management Model Project			Sum

- 89. The benefit distribution model to be applied to the MCEES and SIGAP Management Models is based on INAB and MINFIN's experience managing the Forestry Incentive Programs PINPEP and PROBOSQUE established in Decree 51-2010 and Decree 2-2015 of the Congress of the Republic of Guatemala, which aim at increasing forest cover and sustainable forest management of the country's forests, so beneficiaries of such forestry incentive programs may participate in the Emissions Reduction Program.⁵⁷
 - Criterion 2: Equity.
- 90. To ensure fairness in benefit distribution, the following caps will apply:

Cap to early REDD+ Projects.

- 91. During the BSP consultations, stakeholders proposed to include a criterion to ensure that new REDD+ Initiative Projects have the same opportunity to benefit from the BSP as Early REDD+ Projects. The criterion imposes a 50% cap on the amount of net ERPA payments that Early REDD+ Projects41 can receive in each RP. This criterion is applied as explained below.
 - a. If the ERP achieves a volume of ERs greater than the minimum contracted volume and the contracted sweep volume in each monitoring event (optimal performance scenario), the transfer of ERs and, therefore, the net payments for results achieved by the REDD+ Projects registered for the corresponding reporting period, cannot exceed 50% of the total volume contracted and sold to the CF for the monitoring event.
 - b. If the minimum contracted volume or contracted sweep volume is not achieved with 50% of the ERs of the REDD+ projects registered for the corresponding reporting period, they will sell more than 50% (and up to 100% if necessary) of their ERs. to the CF to meet the

⁵⁷ See reference to amount per hectare paid under the PROBOSQUE (https://inab.gob.gt/index.php/centro-de-descargas#montos-probosque) and PINPEP (https://www.inab.gob.gt/index.php/component/content/article/112-servicios/183-pinpep?Itemid=437#parametros-del-pinpep)

- minimum contracted volume and contracted sweep volume in each monitoring event and in accordance with the decision made by the NBSC.
- c. In the third (and last) monitoring event in case the total contracted volume is not reached with 50% of the ERs with the registered REDD+ Projects, they will sell more than 50% (and up to 100% if necessary) of their ERs to the CF to meet the total contracted volume in the ERPA and in accordance with the decision made by the NBSC. Once the Call Option has been exercised by the CF and the additional volume of ERs has been determined, if this volume is not achieved with 50% of the ERs of the registered REDD+ Projects, they will sell more than 50% (and up to 100% if necessary) of their ERs to the CF in order to meet the additional volume of ERs agreed in the call option and in accordance with the decision taken by the NBSC".

Limit for municipalities.

92. This criterion seeks to ensure that the BSP prioritizes the participation of non-governmental actors in the generation of ERs. The criterion imposes a ceiling of 10% of the total gross results-based payments that national government institutions and municipalities could receive. Considering that national government institutions will receive payment of fixed costs to operate the ERP of around US\$1.2 million, municipalities could receive up to 7.7% of net results-based payments in recognition of their efforts in ER generation as part of MCEES or new REDD+ projects. For example, under the optimistic scenario government institutions and municipalities will receive US\$5.52 million, of which US\$1.2 million will be used to defray fixed costs and US\$4.05 million will be distributed in the form of ER payments to municipalities that generate ER through MCEES and new REDD+ projects.

• Criterion 3: Solidarity:

93. This criterion is intended to reflect the fact that obtaining benefits from ERs for each REDD+ Initiative and for all potential ERP beneficiaries will depend on the overall performance of the ERP. If the program fails to generate ERs, no beneficiary will be able to receive benefits from the Program, even if some of them have succeeded in generating ERs in their areas. This situation may occur due to different reasons captured in the following three scenarios, which may be updated according to the results generated (validated and verified) in each monitoring period.

Scenario 1: REDD+ Initiative Projects underperform due to force majeure.

- 94. In this scenario the ERP achieves emission reductions below its FRL, but some of the REDD+ Initiatives included report increases in their emissions with respect to their individual NRFs or their expected performance, due to proven force majeure events (hurricanes, fires, floods, pests, among others). In this case, solidarity support will be provided to the affected beneficiaries, with the idea of helping them to recover as soon as possible from the force majeure event and to give them an incentive to remain in the ERP. For this purpose, the following mechanism will be applied:
- 95. A Solidarity Reserve will be established based on a percentage of 1% of the gross results-based payments received during each RP and from other sources, as deemed appropriate. The Operational Manual will define the procedures for establishing the Solidarity Reserve and the mechanism for REDD+ Initiative Projects to access it.

Scenario 2: REDD+ Initiative Projects underperform due to intrinsic issues.

96. This scenario is identical to the previous one, with the condition that, in this case, the causes for which the REDD+ Initiatives have failed to reduce their ERs are attributable to them, for example, for not having carried out the planned REDD+ actions, due to poor design, planning or management of activities, among others. In this situation, INAB will carry out an evaluation of

compliance with the management plan and will present amendments, which in case of non-compliance, will lead to a process of total or partial cancellation of the Project in the Program.⁵⁸

Scenario 3: the entire ERP underperforms while some REDD+ Initiative Projects perform satisfactorily.

- 97. In this scenario, the ERP does not achieve emission reductions below the FRL, but some RIPs within the ERP do. For RIPs that manage to generate results, despite a negative or pessimistic scenario in which the ERP underperforms, the NBSC will analyze whether payment arrangements will be made for them from the Solidarity Reserve, if it has funds.
- 98. The ERP Solidarity Reserve will be deposited in the single account assigned to the ERPA. If the Solidarity Reserve is not used or is partially used during the ERPA period, the corresponding amount will be distributed to the REDD+ Initiative Projects at the end of the committed period.
- 99. Box 11 presents a hypothetical example of the application of the benefit-sharing criteria that can be updated according to the results generated (validated and verified) in each monitoring period.

Box 11. Hypothetical example of benefit sharing

Table 11 presents a hypothetical example of the ERs delivered according to the Verification Report in three early REDD+ projects and in the "Rest of the ERP Areas". These results were calculated by applying the FRL shares determined in the nesting protocol.

DEDD: Initiative / EDD sub-sus-	Volume of REs ge	Volume of REs generated in each RP, tCO2e		
REDD+ Initiative/ ERP sub-area	RP#1	RP#2	RP#3	
Early REDD+ Project # 1	135,094	442,407	442,407	1,019,908
Early REDD+ Project # 2	475,133	927,535	927,535	2,330,203
Early REDD+ Project # 3	93,223	372,892	372,892	839,007
Rest of the ERP Area	535,654	2,942,711	2,950,629	6,428,995
Total, of REs delivered	1,239,105	4,685,545	4,693,463	10,618,112
Minimum contract volume	367,500	1,732,500	8,400,000	10,500,000
Maximum contract volume	1,063,242	4,249,837		

Table 11 . REs verified throughout the ERPA period in a hypothetical example.

Since, in this hypothetical example, the ERP would have collectively exceeded the Minimum and Maximum Contract Volume (see the last two rows of Table 9), the ERP would have collectively exceeded the Minimum and Maximum Contract Volume (see the last two rows of Table 11). The REDD+ Projects could consider selling the excess ERs with respect to the Maximum Contracted ER Volume to other buyers, or to the ERP. For example, in the first RP, REDD+ Projects may sell any excess ERs after the ERP collectively delivers 1,063,242 ERs. Similarly, in the second RP, REDD+ Projects will be able to sell any excess ERs after the ERP collectively delivers 4,249,837 ERs to the Carbon Fund. In the third RP, all REDD+ initiatives will be focused on reaching the total contracted volume of the ERPA, i.e., 10.5 million tCO2e.

Table 12 below shows the calculation of net results-based payments in each RP, assuming a price of US\$5/tCO2e paid by the Carbon Fund. The net results-based payments are obtained by deducting fixed costs and the Solidarity Reserve from the gross results-based payments.

Element RP#1 RP#2 RP#3 Total Volume of REs delivered, tCO2e 1,063,242 4,249,837 5,186,922 10,500,000 Gross performance-based payments from the 5,316,209 21,249,182 25,934,610 52,500,000 Carbon Fund, US\$ Fixed costs, US\$ 300,000 300,000 600,000 1,200,000 Solidarity Reserve, US\$ 53,162 212,492 259,346 525,000

Table 12 . Calculation of net payments based on results in a hypothetical example

⁵⁸ The Operational Manual addresses this cases in the Process for Especial Cases and the Procedure for Full or Partial Cancelation of PIRs.

Application of Criterion 1: Contribution of REDD+ Initiatives to the generation of ERs, and Step 1: calculation of benefit sharing between Early REDD+ Projects and the "Rest of ERP Areas". Table 13 presents the results of the calculations, using a reduced price per tCO2e in each ER, obtained by subtracting the fixed costs and the Solidarity Reserve from the US\$5/tCO2 price to be paid by the Carbon Fund. In this hypothetical example, the price/tCO2e for the first RP will be US\$4.67, for the second US\$4.88 and for the third US\$4.81.

Table 13 . Distribution of net results-based payments between early REDD+ projects and the "Rest of ERP Areas".

Payments based on results	RP#1	RP#2	RP#3	Total
	US\$	US\$	US\$	US\$
REDD Projects +	2,462,698	6,377,998	6319,067	15,159,763
Early REDD+ Project # 1	472,950	1,619,013	1,604,035	3,696,017
Early REDD+ Project # 2	1,663,385	3,394,366	3,363,003	8,420,755
Early REDD+ Project # 3	326,362	1,364,618	1,352,010	3,042,991
Rest of ERP Areas	2,500,384	14,358,692	14,189,814	35,615,236

The distribution of US\$2,500,384 from the first RP will be made proportionally to the area of MCEES and the Management Models for the conservation and sustainable use of forests in the SIGAP. For example, if the MCEES cover 80% and the Management Models for the conservation and sustainable use of forests in SIGAP cover 20% of the "Rest of the ERP Area" the MCEES would receive US\$2,000,307 and the Management Models for the conservation and sustainable use of forests in SIGAP would receive US\$500,077. The distribution of the US\$2,000,307 among the MCEES will be made through payments per hectare through the measures and amounts approved by the Board of Directors of INAB. Similarly, the distribution of the US\$500,077 among the Models for the conservation and sustainable use of forests in the SIGAP will be made through payments per hectare through the measures and amounts approved by INAB's Board of Directors. These processes have been discussed and socialized in the Benefit Sharing Plan dialogue workshops, in line with INAB's experience in the payment of Forest Incentive Programs, with which forest sector stakeholders have been familiar for more than 25 years.

<u>Application of equity criterion 2: 50% cap on net results payments to Early REDD+ projects</u>. **Table 13** above shows that REDD+ projects do not exceed half of the net results-based payments in any of the RPs; therefore, this criterion does not apply in this hypothetical case.

6. BENEFIT-SHARING MECHANISM

6.1. Benefit distribution mechanism for REDD+ Initiative Projects (RIPs)

100. The results-based payments received from the Carbon Fund will flow to the final beneficiaries in the form of monetary and non-monetary benefits, taking advantage of the channels that already exist for this purpose according to the criteria established in Section 5 of this BSP. MINFIN will manage the receipt of disbursements corresponding to results-based payments from the Carbon Fund, who at the request of INAB, will proceed to make payments to REDD+ Initiative Projects.

The distribution of benefits will be carried out in three steps, described below and graphically in Figure 4:

- a. the first at the level of disbursements from the FCPF Carbon Fund to Guatemala through a single account to be managed by the MINFIN. At the Program level, the NBSC⁵⁹ will be established, led by INAB, to socialize to the representatives of each type of REDD+ Initiative Project the benefit distribution process applied according to the stipulations of this BSP.
- b. the second at the level of Payment to the holders of REDD+ Initiative Projects (that have been evaluated and certified by INAB) from the Ministry of Public Finance at the request of INAB as the Executing Unit. The financial mechanism for the payment to the holders of the 3 types of REDD+ Initiative Projects will be detailed in the operational manual of the BSP.
- c. The third level corresponds to distribution of monetary and/or non-monetary benefits from grouped REDD+ Initiative Project holders to the final beneficiaries.

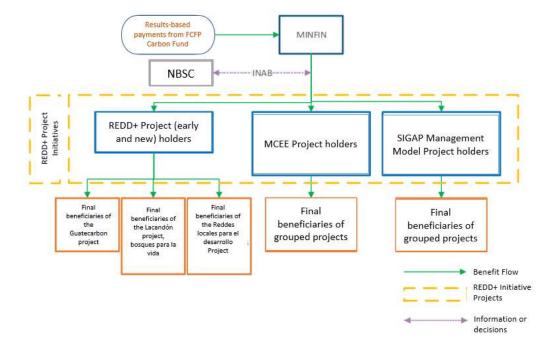


Figure 4. Benefit-sharing mechanism of Guatemala's ERP.

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⁵⁹ See a description of the NBSC in Section 6.2 Governance in Benefit Distribution to RIPs.

6.1.1. Early REDD+ Projects

- 101. The benefit sharing mechanism for early REDD+ Projects is described below:
 - a. Each REDD+ project shall design an internal BSP following INAB, CONAP guidelines (according to the approval process) and in accordance with the Program's Safeguards frameworks and include it in the Forest Management Plan.
 - b. INAB will carry out processes to evaluate compliance with the Management Plan, including the Benefit Sharing Plan.
 - c. Early REDD+ Lacandón Project: MINFIN will transfer the results-based payments in the form of monetary benefits directly to Fundación Defensores de la Naturaleza as Project Holder, who in turn, will make the distribution to the final beneficiaries through the benefit sharing mechanism it has used, based on previous experience distributing benefits from the voluntary carbon market. The ERP contributions will be distributed under this mechanism that considers FDN as the "financial" representative of the project.
 - d. Early REDD+ Guatecarbon Project: MINFIN will transfer results-based payments in the form of monetary benefits directly to the Project Holder, who will be responsible for distributing non-monetary benefits to the final beneficiaries.
 - e. Early REDD+ Local REDD+ Project: MINFIN will transfer results-based payments in the form of monetary benefits directly to the Project Holder, and depending on the decision made by the Project-level Benefit Sharing Committee (PLBDC), the following benefit sharing mechanisms would apply:
 - If the final beneficiaries prefer to receive only monetary benefits: MINFIN will transfer the monetary benefits to CALMECAC as Project Holder who in turn will transfer the monetary benefits to the final beneficiaries.
 - ii. Whether the final beneficiaries prefer to receive a mix of monetary and nonmonetary benefits:
 - Monetary Benefits: MINFIN will transfer the results-based payments in the form of monetary benefits to CALMECAC as Project Holder who in turn will transfer the monetary benefits to the final beneficiaries.
 - o Non-monetary benefits: MINFIN will transfer the results-based payments in the form of monetary benefits to CALMECAC as Project Holder, which will have the responsibility to transfer the non-monetary benefits to the final beneficiaries, in accordance with the BSP at the Project level agreed by the Project's CDB.
 - iii. If the final beneficiaries prefer to receive only the non-monetary benefits: The MINFIN will transfer the results-based payments in the form of monetary benefits to CALMECAC as Project Holder, which will have the responsibility to transfer the non-monetary benefits to the final beneficiaries, in accordance with the BSP at the Project level agreed by the CDBP.
 - iv. The Project Holder will make the necessary procurements in accordance with the forestry and community development plans, as well as procedures and contracts for project MRV and project management.

6.1.2. New REDD+ Projects

102. The benefit sharing mechanism for new REDD+ Projects⁶⁰ is described below:

- a. Each REDD+ project shall design an internal BSP following INAB, CONAP guidelines (according to the approval process) and according to the Program's Safeguards frameworks and include it in the Forest Management Plan.
- b. INAB will carry out processes to evaluate compliance with the Management Plan, including the Benefit Sharing Plan.

⁶⁰ New REDD+ Projects can be implemented geographically in any ERP area, including Regional Municipal Parks

- c. New individual REDD+ projects: MINFIN will transfer results-based payments in the form of monetary benefits directly to the Project Holders.
- d. New grouped REDD+ projects: MINFIN will transfer results-based payments in the form of monetary benefits directly to the Project Holder, and according to decisions made by the PLBC the following benefit sharing mechanisms would apply:
- *i.* If the final beneficiaries receive only monetary benefits: MINFIN will transfer the results-based payments in the form of monetary benefits as the Project Holder⁶¹ who in turn will transfer the monetary benefits to the final beneficiaries.
- ii. If the final beneficiaries receive a mix of monetary and non-monetary benefits, the following mechanisms may apply:
 - Monetary Benefits: MINFIN will transfer the results-based payments in the form of monetary benefits to the Project Holder, who in turn will transfer the monetary benefits to the final beneficiaries.
 - Non-monetary benefits: MINFIN will transfer the results-based payments in the form
 of monetary benefits to the Project Holder which will be responsible for transferring
 the non-monetary benefits to the final beneficiaries, according to the BSP at the
 Project level agreed by the PL-BDC.
- iii. If the final beneficiaries receive only non-monetary benefits. MINFIN will transfer the monetary benefits to the Project Holder, which will be responsible for transferring the nonmonetary benefits to the final beneficiaries, according to the BSP at the Project level agreed by the CDBP.
- iv. The Project Holder will make the necessary procurements according to forestry and community development plans, as well as procedures and contracts for project MRV and project management.

6.1.3. MCEES projects

103. The benefit-sharing mechanism applicable to MCEES projects is described below. 62

- a. Each REDD+ initiative project, type Compensation Mechanism for Ecosystem and Environmental Services Associated with Forests (MCEES), shall design a Forest Management Plan that includes the measures or activities implemented for which the distribution of benefits as payment for results will be carried out.
- b. INAB will carry out processes to evaluate compliance with the Management Plan, including the evaluation of compliance with the measures or activities implemented for which payment by results is made.
- c. Individual MCEES Projects: MINFIN will transfer results-based payments in the form of monetary benefits directly to the Project Holder.
- d. Grouped MCEES projects: the benefit sharing mechanism would be as follows:
 - i. If the final beneficiaries receive only monetary benefits: MINFIN will transfer the resultsbased payments in the form of monetary benefits to the Project Holder who in turn will be responsible for distributing the benefits to the final beneficiaries.
 - ii. Whether the final beneficiaries of MCEES projects receive a mix of monetary and non-monetary benefits:
 - Monetary benefits: MINFIN will transfer the results-based payments in the form of monetary benefits to the Project Holder who will in turn distribute it to the final beneficiaries.

⁶¹ By the time the advanced draft BSP was designed in 2019, the Decree 20-2020 has not been published by the Congress of the Republic, which identifies the role of titleholders and MINFIN; this development was considered in this final version of the BSP and discussed during stakeholder dialogues.

⁶² MCEES can be implemented geographically in any ERP area (outside protected areas), including Regional Municipal Parks.

- o Non-Monetary Benefits: MINFIN will transfer the results-based payments in the form of monetary benefits to the Project Holder who will be responsible for transferring the non-monetary benefits to the final beneficiaries, according to the measures or activities of the project management plan.
- iii. If the final beneficiaries receive only non-monetary benefits. MINFIN will transfer the monetary benefits to the Project Holder, who will be responsible for transferring the nonmonetary benefits to the beneficiaries, according to the measures or activities of the project management plan.

6.1.4. SIGAP Management Models

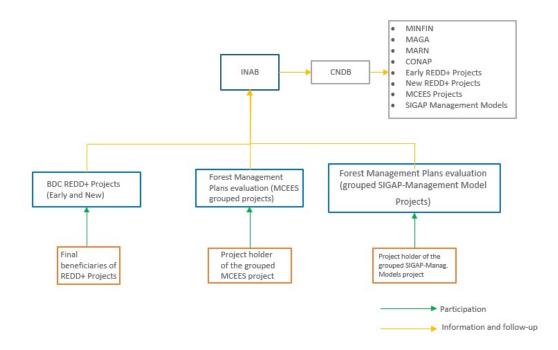
- 104. In the case of the Management Models for the Conservation and Sustainable Use of Forests in the SIGAP, MINFIN will transfer the results-based payments in the form of monetary benefits directly to the Project Holder who will be responsible for the distribution of benefits (monetary or non-monetary) to the final beneficiaries in accordance with the regulations to regulate and promote actions to reduce emissions from avoided deforestation and degradation REDD+ in the SIGAP, in the framework of the Emissions Reduction Program, which has been approved in the year 2022.
 - a. Each REDD+ initiative project, type Management Models for the Conservation and Sustainable Use of Forests in the SIGAP, shall design a Forest Management Plan that includes the measures or activities implemented for which the distribution of benefits will be made as payment for results.
 - b. INAB will carry out processes to evaluate compliance with the Management Plan, including the evaluation of compliance with the measures or activities implemented for which payment by results is made.

6.2. Governance of benefit distribution

- 105. The governance of this benefit-sharing mechanism will rest with two-tier agencies, as explained below and illustrated in Figure 5:
 - a. At the national level (or at the ERP level): the functions and participants of the NBSC will be detailed in the operational manual. The NBSC will receive reports on the application of the distribution criteria described above, and will have the following structure according to the agreements signed for this purpose:
 - Representatives of national governmental institutions:
 - i. one of MINFIN
 - ii. one of MARN
 - iii. one of MAGA
 - iv. one of INAB
 - v. one of CONAP
 - Representatives of REDD+ initiative Projects (RIPs):
 - vi. One of the Early REDD+ Projects,
 - vii. one of the new REDD+ Projects,
 - viii. One of the MCEES projects
 - ix. One of the SIGAP-Management Models
 - b. At the level of REDD+ Initiative Project type REDD+ Projects (early and new): RIP holders will establish BSPs for benefit sharing decision making. Project holders could use existing decision-making bodies, if they include project beneficiaries. These bodies will have similar functions to those of the NBSC, but at the project level, and must report on the implementation of the PDBs to INAB. REDD+ Initiative Projects will develop, in a participatory manner, a management plan in which beneficiaries will invest ERPA benefits.
 - All organizations that would distribute non-monetary benefits under the ERP must comply with best benefit distribution practices to be defined by INAB in the operations manual.
 - In all ERP governance bodies, equal and effective participation of women, youth and vulnerable minorities involved in the development of REDD+ actions should be ensured.

- c. **At the level of grouped MCEES**: the project holder will inform INAB through the compliance evaluation process of the Forest Management Plan.
- d. **At the level of grouped SIGAP Management Models**: the project holder will inform INAB through the compliance evaluation process of the Forest Management Plan.

Figure 5. Governance of benefit distribution



7. BENEFIT DISTRIBUTION PROCEDURE

7.1. Procedures prior to benefit distribution

106. The procedures that Guatemala must follow prior to benefit distribution⁶³ are presented below; these will be completed no later than the first half of 2023:

- MINFIN and INAB should establish the necessary legal elements to enable full implementation of the ERP and the BSP.
- INAB shall establish the NBSC and all associated formats and guidelines.
- INAB shall monitor compliance with the Contracts of Participation and ER Title Transfer signed between REDD+ Initiative Projects holders and INAB.
- The NBSC should adopt all associated NBSC formats and guidelines.
- Project Holders s of REDD+ Initiative shall:
 - o Sign Contracts of Participation and ER Title Transfer with INAB.
 - Register in the MARN Registry of GHG Reduction or Removal Projects their respective REDD+ Initiatives, including the geographic area of the Project, as well as spatial information on the areas included in the ERP.
 - In the case of REDD+ Initiative Projects of the REDD+ Project type (early and new), they shall establish or designate a committee for decision-making on benefit sharing at the project level.
- The Contracts of Participation and Compliance with GHG Emission Reductions and ER Title Transfer will be carried out in the following manner (see Figure 5). **Figure 6**).
 - The holders of the three types of REDD+ Initiative Projects must sign a Contract of Participation and ER Title Transfer with INAB. In the case of individual projects, the holder is considered the final beneficiary. In the case of group projects, the contract must include a list of participants and final beneficiaries, who must have a document supporting their participation in the project.
- For the special case of REDD+ Initiative projects, early and new REDD+ project types:
 - Early REDD+ Guatecarbon Project: The project owner will sign the contract with INAB, which in turn will have the participation documents of the final beneficiaries participating in the project, which will be attached to the contract.
 - Early REDD+ Lacandón Project: The project holder will sign the contract directly with INAB. Currently, FDN and CONAP are discussing the possible recognition by CONAP of the inclusion of State lands within the Project. Internally, the project will have a participation document if there are multiple stakeholders participating in the project, which will be attached to the contract to be signed with INAB.
 - Early REDD+ Local REDD+ Project: The project holder will sign the contract directly with INAB, which in turn will sign agreements with the final beneficiaries and the municipalities involved in the project, which will be annexed to the contracts to be signed with INAB.

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⁶³ See Figure 5 on Governance of benefit distribution

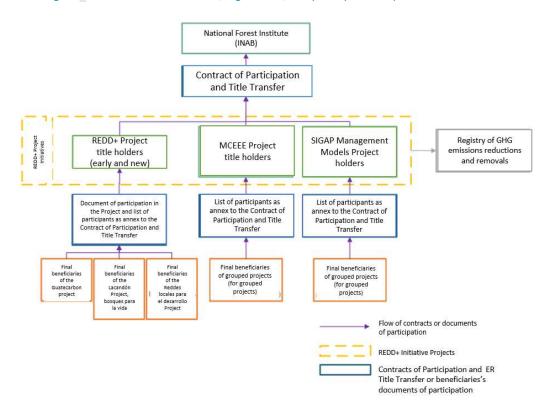


Figure 6. Process for identification, registration, and participation of potential beneficiaries.

- Implementation of REDD+ Initiative Projects: The REDD+ Initiative project will implement REDD+ measures or activities, following the procedures already established for them. REDD+ Projects will implement their activities in accordance with their Project Development Document and specific management plans and based on the funding sources they have identified.
- Reporting and verification of information. REDD+ Initiatives will report on the
 implementation of REDD+ measures or activities established in their Forest Management
 Plan (including safeguards, benefit sharing, and attention to complaints and grievances) with
 the periodicity and through the evaluation procedures to be described in the Operational
 Manual.
- Preparation of a consolidated ERP MR. INAB will prepare this report, which will include the estimate of the total amount of ERs generated by the ERP, the implementation of the safeguard's plans, information on the implementation of the BSP and information on the generation of non-carbon benefits (see Table 14). INAB will prepare this report for the RP (based on the reports and data from the MRV and safeguards system, as well as information on the transfer of carbon rights), which it will share with MINFIN to use the relevant information in the preparation of the documentation needed to prepare the application for results-based payments to be submitted to the Carbon Fund.
- REDD+ Initiative Projects shall register the Emission Reductions generated in the Registry of Greenhouse Gas Emission Removal or Reduction Projects of MARN.
- MINFIN receives from the INAB the necessary documentation as established in the corresponding regulations and manual, to request payment for the results corresponding to the Carbon Fund reporting period.
- MINFIN opens a specific bank account to receive payments for the results of the Carbon Fund.

FCPF ER Monitoring Report and other reports under ERPA National Forest Institute (INAB) Forest Management Plans evaluation REDD+ Projects (early SIGAP Management and new) Forest MCEE Projects Registry of ERs generated by Models Management Plans Forest Management GHG emisio and reductions П Forest Manage projects Plans REDD+ Plans Information flow or reports REDD+ Initiative Projects

Figure 7. Procedures for the preparation of initial reports for benefit sharing.

7.2. Benefit sharing procedures

- 107. Bellow are the procedures that Guatemala will follow for benefits distribution. The detailed definition of these procedures can be found om the Operations Manual of this BSP.
 - MINFIN, in accordance with the procedure defined in the corresponding regulation or manual, issues the communiqué to request the transfer of the number of verified ERs agreed with the ERPA-based Carbon Fund to the account designated for that purpose.

Reporting mechanisms

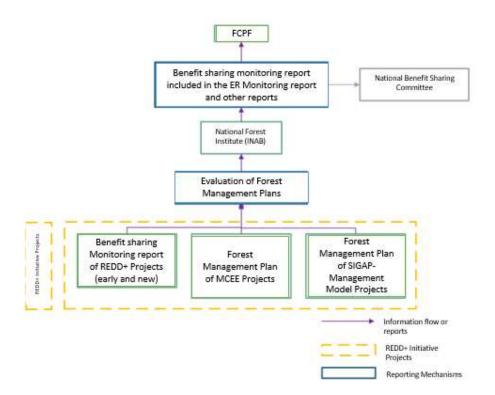
- MINFIN will deposit the results-based payments from the Carbon Fund into the designated bank account.
- The INAB applies the criteria for benefit sharing established in this BSP and prepares a reporting document to be shared with the NBSC. For this, it must subtract from the gross results-based payment received the percentage designated to cover operating costs and the Solidarity Reserve mentioned in Section 5, then deduct the payments corresponding to REDD+ projects based on the information on ERs achieved during the period corresponding to the payment and from the remaining amount calculate the payment per hectare to be applied to the "Rest of ERP areas" to finally calculate the payments corresponding to the MCEES and the Management Models for the Conservation and Sustainable Use of Forests in the SIGAP.
- The Benefit Distribution Report, which includes information on benefit sharing, will be published through INAB's website, which is publicly accessible and whose address will be widely disseminated.
- Based on the information submitted by INAB, MINFIN proceeds to transfer the results-based payments to the holders of the REDD+ Initiative Projects following the provisions in **Section** 6 of this BSP.
- For the case of REDD+ Initiative Projects type REDD+ Project (Early and New): Grouped REDD+ Initiatives distribute the non-monetary benefits received following the BSP to be agreed within the CDBP of each. In addition, when recipients of benefits from REDD+ Initiatives represent groups of beneficiaries and come to distribute such resources among their representatives (e.g., in the case of associations or communities) they may use their existing decision-making channels and processes but must follow the principles and criteria established by the BSP and report on how the distribution of benefits was carried out following the stipulations of this Plan.

7.3. Procedures after benefit sharing

108. The following are the procedures that Guatemala must follow for the distribution of benefits.

- Holders of REDD+ Projects shall monitor the implementation of the corresponding BSP at the
 Project level during each benefit sharing event, including within groups of final beneficiaries, in
 the case of grouped REDD+ initiatives. With this information, the Project Holders of each REDD+
 Initiative must prepare a report no later than three months after the date on which MINFIN
 received the results-based payments from the Carbon Fund. This will allow sufficient time for
 MINFIN and INAB to prepare a comprehensive report, which the FCPF requires to be submitted six
 months after MINFIN's receipt of the results-based payments. The report should contain at least:
- A description of the benefit-sharing criteria applied by CDBPs at the REDD+ Initiative level, as well
 as the results of their implementation and the minutes of the sessions of these committees in
 which it was decided how to distribute the benefits received during the period.
- A list of beneficiaries who reportedly received benefits during the RP.
- A description of the benefits distributed, dividing them into monetary and non-monetary benefits
 and indicating which benefits accrued to each beneficiary or group of beneficiaries, providing
 information disaggregated by gender, in accordance with the REDD+ Gender Roadmap.
- A description of any incidents that would have been reported or identified as part of the benefit sharing monitoring or through the FGRM for REDD+.
- These reports will be reviewed and approved by the respective CDBP of each REDD+ Project, which
 will be responsible for submitting the report to the ERP Implementing Unit. The role of the CDBP
 should be the same as that of the NBSC, including proposing improvements to the BSP at the
 Project level for each REDD+ Project; the proponent should explain how those recommendations
 have been addressed in the BSP.
- For its part, the INAB will prepare a report detailing the transfers of results-based payments from the Carbon Fund made by MINFIN, as well as any incidents encountered during the process.
- INAB will prepare the overall ERP BSP report according to the parameters established in the ERPAs.
- The NBSC will be informed of the overall report and may propose improvements based on the
 information received. The ERP Implementing Unit may integrate the NBSC's observations in the
 final version of the monitoring report that it will submit to the Carbon Fund.
- All reports, documents and minutes produced throughout this process will be published for information by the public on the ERP website.

Figure 8. Monitoring and Reporting on Benefit Sharing



8. GUIDELINES FOR PARTICIPATION IN THE BSP

109. To participate in this BSP, all RIP holders must comply with the following requirements:

- 1. Acknowledge their voluntary participation in the ERP and in the case of REDD+ projects their acceptance of the nesting rules agreed with the Guatemalan government. Project holders or representatives must sign a contract with the government as described in Section 7 above.
- For REDD+ Projects (Early and New): Establish or appoint a PL-BDC with the characteristics
 described in this BSP and in the relevant decisions of the NBSC. The designated PL-BDC, its rules of
 operation and decision making, and its members should be communicated to INAB prior to the
 start of the corresponding RP, as soon as possible.
- 3. Provide clear, timely and culturally appropriate information to beneficiaries about the ERP, the BSP and its operation and implications for them, so that they have sufficient knowledge to ensure their voluntary and informed participation in the program.
- 4. For REDD+ Projects (Early and New): establish the participation and ER title transfer document(s) with the final beneficiaries that include clauses through which:
 - These beneficiaries acknowledge in writing their voluntary participation in the ERP.
 - The final beneficiaries authorize the transfer of the emission reductions generated in the project to the Program.
 - Beneficiaries allow the inclusion of their data in the MARN Registry of GHG Reduction or Removal Projects.
 - The obligation to submit reports with the periodicity, contents and formats required by the ERP implementing entity. These reports should cover information on performance in the implementation of REDD+ actions, as well as on safeguards, noncarbon benefits and benefit sharing, including among beneficiary groups.
- 5. Be registered in the Registry of Greenhouse Gas Emission Removal or Reduction Projects of MARN after INAB certification following the procedures established by the government for this purpose. This includes registration of the REDD+ project area, models for the conservation and sustainable use of forests in SIGAP or MCEES.
- 6. Monitor the implementation of REDD+ actions and compliance with safeguards, the BSP and FGRM in accordance with the provisions of this BSP and in the decisions of the NBSC.
- 7. Commitment to comply with the Environmental and Social Management Framework and other environmental and social instruments of the Program, including the Feedback Grievance Redress Mechanism (FGRM) through the Contrato of Participation and Compliance with Green House Gases Emission Reductions and ER Transfer Title of RIPs under the ERP.
- 8. If applicable, verify the information provided by the final beneficiaries and prepare performance reports, including compliance with safeguards, following the formats and guidelines, and in accordance with the schedules established for this within the NBSC.
- 9. Distribute the benefits in accordance with the provisions of this BSP and the decisions of the NBSC, considering the following requirements:
 - a. Ensure that 100% of the net benefits of the Carbon Fund are allocated to the beneficiaries that would have participated in the development of the REDD+ actions for which results payments would have been obtained in the corresponding period, including communities and landowners or landholders that are part of the Projects.
 - b. There will be no allocation of net benefits from the Carbon Fund to defray costs related to the implementation of the BSP, REDD+ projects, MCEES Projects and SIGAP Management Models.
 - c. Ensure that at least 35% of beneficiaries are women and vulnerable groups. Youth (over 14-29 years old can be beneficiaries of grouped RIPs and over 18-29 years old can be proponents of RIPs)⁶⁴.

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⁶⁴ It is clarified that project holders must be of legal age and in the case of young people between 14 and 18 years of age, they may benefit through group projects, for example, through salaries to perform certain activities in accordance with the Labor Code. This percentage applies to both new and existing REDD+ initiatives.

- d. Take the necessary measures for beneficiaries to distinguish the resources received for their participation in results-based payments from those of other funding sources, including government support programs.
- 10. Finalize the distribution of benefits within a maximum period of three months from the date on which the transfer of resources was made by MINFIN, considering that the FCPF Management Team requires countries to submit the report six months after the delivery of the results-based payments.
- 11. Monitor benefit sharing, which includes verifying that it has been carried out in accordance with the provisions of this BSP and relevant decisions of the NBSC and in accordance with decisions on the use of such resources by the governance committee for benefit sharing established by the REDD+ project, the concession, or the MCEES.
- 12. Prepare a Benefit Sharing report for the relevant period based on the information obtained through the monitoring described in the previous point and using the formats and guidelines that INAB, in coordination with the NBSC, will adopt for this purpose. This report should be reviewed by the governance committee of each project, Management Model or MCEES if applicable and should be submitted to the INAB on the date agreed upon by the NBSC.
- 13. Disseminate among its beneficiary's information on how to use the FGRM and facilitate its use to report any incident related to the distribution of benefits.
- 14. Publish all information related to the distribution of benefits, including decision-making, how the governance committees involved operate, the list of beneficiaries and description of benefits per period, complaints filed, their resolution, etc.

9. MONITORING ARRANGEMENTS FOR THE BSP

- 110. Implementation of the BSP will be monitored primarily through monitoring activities and reporting described in the "post-benefit participation procedures" section of this document. Evaluation of the BSP will be conducted through performance indicators that may include:
 - *i.* The agility in the distribution of benefits (e.g., the number of days that elapsed from the receipt of resources to their distribution).
 - *ii.* Compliance with the distribution criteria (e.g., with the percentages established with respect to the participation of women and young people in the benefits).
 - *iii.* The transparency of the distribution process (e.g., the percentage of documents that were published with respect to their total).
 - *iv.* The number of complaints and claims related to the distribution of benefits received through the program's FGRM; and
 - v. Others that the NBSC considers pertinent.
- 111. The ERP Implementing Unit will prepare a Benefit Sharing Report template, based on the Monitoring Report template required by the FCPF (see Error! Reference source not found.2).

Box 12. Content of the FCPF Monitoring Report Template

Summary of Monitoring Report Content. The Monitoring Report should be based on the template generated by the FCPF, which can be found online at⁶⁵. For reference, the structure of the Monitoring Report is shown at below.

1. Number of ERs generated

- ERP implementation status
- Update on drivers of deforestation and forest degradation
- MRV System
- Parameters and data
- Quantification of ERs
- Uncertainty

2. ER Title transfer

- Ability to transfer ER Titles.
- Implementation of the ERP data management system, under Option 1
- Implementation of the RE Transaction Record under Option 2
- · REs transferred to other entities

Reversals

- Event occurrence leading to reversals.
- Quantification of reversals
- Confirmation of the mechanism for handling removals
- 3. ER available for transfer to the Carbon Fund

Annex 1: Implementation of Safeguard Plans

- FCPF requirements for management of environmental aspects and safeguards of the ERP
- Monitoring and reporting requirements
- Entities responsible for the implementation of the Safeguards Plans
- ERP activities implemented in accordance with management and specific mitigation measures in Safeguards Plans
- Objective and expected results of the Safeguards Plans that have been achieved.
- ERP activities that present emerging social and environmental risks and impacts not identified or foreseen in the Safeguards Plans prepared prior to ERPA signature.
- Corrective actions and improvements needed to enhance the effectiveness of the Safeguards Plans.

Annex 2: Information on BMP implementation

FCPF requirements in PDBs

⁶⁵ https://www.forestcarbonpartnership.org/requirements-and-templates

- Monitoring and reporting requirements
- Preparation for benefit sharing
- Institutional arrangements
- Statement of benefit distribution s
- Implementation of environmental and social management measures for the BSP
- · Recommendations for improvements and modifications of the BSP

Annex 3. Information on the implementation of non-carbon benefits

- FCPF requirements in Annex 3 of the BSP: Information on the generation of carbon-related benefits n
- Monitoring and reporting requirements
- Non-carbon priority benefits (see specific indicators in the MI template)
- Other non-carbon benefits (see specific indicators in the MI template)

Annex 4. Upgrades to reference level

9.1. Beneficiary participation in the benefit-sharing report

112. Beneficiaries of REDD+ Initiative Projects will play a key role in monitoring the implementation of the BSP. Beneficiaries will participate in the preparation of REDD+ Initiative reports, will use the program's FGRM, and will participate in both the Project-level Benefit Distribution Committee (PL-BDC) and the NBSC. Consequently, these participation mechanisms should be widely disseminated as part of the information campaigns on the ERP and the BSP.

9.2. Monitoring the use of ERP Benefits

- 113. Monitoring of the distribution of benefits to projects by MINFIN: verification will be carried out through the different reports generated by SICOIN, available online.
- 114. Monitoring of benefit sharing by REDD+ Initiatives Project Holders: each project shall prepare and submit to the ERP Implementing Unit a report on internal benefit sharing and this will be verified by the ERP Implementing Unit or CONAP, as appropriate. The monitoring of benefit sharing will be audited by an independent third party. The cost of this audit is budgeted within the ERP fixed costs (US\$300,000 per year for four years) of the results-based payments. The fixed costs should also be used to ensure adequate implementation of the ERP, particularly in relation to safeguards, MRV, program FGRM, ERP evaluation, and communication, among other costs.
- 115. The INAB will ensure that REDD+ Initiative Project holders or representatives monitor the inclusion of gender in the design and implementation of REDD+ Initiatives, using the following checklist developed as part of the IDB-supported Readiness process. The SNICC includes specific indicators on gender and benefit sharing.
 - Was women's participation considered during the design of the REDD+ Initiative?
 - From the beginning of the RIP, were actions focused on women identified and defined?
 - Is there a sex-disaggregated baseline of REDD+ beneficiaries?
 - Do men and women participate equally and actively in the activities carried out in REDD+ Initiative Projects?
 - Does the RIP have an efficient mechanism for equitable benefit sharing between men and women?
 - Do women participate in the decision-making bodies of REDD+ Initiative Projects?
 - Do women participate in the REDD+ Initiative's Board of Directors/PL-BDC?
 - Does the RIP consider needs related to productive improvement?
 - Does the RIP consider capacity building in relation to market access?
 - Do women have access to credit for income-generating REDD+ Initiative Projects? (Outside or inside RIPs)
 - Have women received information on climate risks and impacts?
 - Do women have access to capacity building for organizational strengthening?
 - Do women have the inputs to maintain and/or improve their activity (agriculture/forestry)?

- Were women's organizations or groups explicitly identified as beneficiaries from the beginning of the project?
- Was a gender analysis carried out in the project to influence the reduction of the domestic workload for women? (so that all domestic chores were not only performed by women).
- 116. INAB will ensure that REDD+ Initiatives Project holders or representatives monitor the inclusion of gender in the design and implementation of REDD+ Initiatives, using the following checklist developed as part of the IDB-supported Readiness process. The SNICC includes specific indicators on gender and benefit sharing.

9.3. Evaluation of the performance of REDD+ Initiatives

9.3.1. MCEES Projects

117. INAB will accompany the establishment and operation of a compliance (performance) evaluation system for the adequate implementation of the activities stipulated in the contracts and forest management plans with the MCEES project holders. In accordance with Art. 61 of the PROBOSQUE Law and similar forestry incentive programs, INAB will monitor compliance of MCEES projects based on the Projects' forest management plans and program safeguard plans. INAB will then issue a certificate of compliance. Specific indicators to monitor the performance of MCEES projects have not yet been developed.3.

9.3.2. SIGAP Management Models

118. INAB in coordination with CONAP will monitor the implementation of the forest plans of the Management Models for the Conservation and Sustainable Use of Forests in the SIGAP using the same framework that applies to forest management concessions⁶⁶. For this, CONAP uses a monitoring tool and the evaluation consists of the design of standards (principles, criteria and indicators), the collection and systematization of information and the definition of verifiers and judgment criteria that allow the evaluation of performance. In making the evaluation, CONAP will consider the relevant technical standards and guidelines established by CONAP and others to be defined in consensus with the holders of Management Models for the Conservation and Sustainable Use of Forests in the SIGAP. The results of the evaluation will be discussed with the concession holders to corroborate and address the findings and agree on corrective measures. INAB will then issue a certificate of compliance.

9.3.3. Early REDD+ Projects

119. Early REDD+ projects will be evaluated by INAB will provide support in the development and implementation of forest management plans to ensure the proper implementation of the activities stipulated in the contracts with the project holders or representatives. INAB will then issue a certificate of compliance.

 $^{^{66}}$ This framework was recently applied, in 2019, for the renewal of the Carmelita community forestry concession contract .

9.4. Monitoring of non-carbon benefits

120. For the ERP, non-carbon benefit indicators will be reported through the REDD+ monitoring system, which is part of the SNICC, see Annex IV. For this, INAB will coordinate with the respective government institutions given that the information on non-carbon benefits will be included in the conditions established in the management plans of each REDD+ Initiative Project. The **Table 14** below shows the responsibilities of the GCI in the monitoring and reporting of non-carbon benefits. **ANNEX IV** presents a screenshot of the SNICC to provide evidence that the system is prepared to record these benefits.

Table 14. Non-carbon benefits to be monitored by governmental institutions

Benefit category		Mo	nitoring re	sponsibilitie	es
non-carbon benefits	Type of benefits	CONAP	INAB	MAGA	MARN
Environmental benefits	Conservation and sustainable use of biological diversity	Х	Х	X	Х
	Conservation of water sources		Χ		
	Soil conservation	Х	Χ		
Benefits	Strengthening forest governance	Х	Χ	X	
socioeconomic	Strengthening of local capacities for landscape management.		Х	Х	
	Promotion of respect and appreciation of ancestral and traditional knowledge about forests and territories.	Х	Х		
	Contributions to food security	Х		Χ	Х
	Employment generation		Х		

10. BSP DESIGN AND DIALOGUE

10.1. BSP design

- 121. The process of designing the benefit-sharing arrangements was carried out in two phases. During the first phase, a consultant developed a draft version of the principles of benefit sharing, classification of benefits and beneficiaries, and beneficiary eligibility, in consultation with the GCI institutions. The consultant produced a revised and more complete version of this draft proposal, incorporating comments made by GCI institutions and early REDD+ project implementers on the above elements and including a proposal on benefit allocation criteria, an initial draft of the benefit sharing mechanism and steps for the finalization of the BSP.
- 122. In a second phase, the consultant refined the initially proposed benefit sharing arrangements including additional analysis and consultation. As part of this process, the consultant conducted interviews with MINFIN, GCI institutions, and early REDD+ project implementers. As a result, MINFIN and the technical level of GCI consulted the first version of the draft BSP with the political level of GCI in May 2019. Subsequently, the consultant prepared a second draft of the BSP incorporating feedback from the GCI political level. This second draft of the BSP was consulted with representatives of potential beneficiaries of REDD+ Initiatives on October 8, 2019 (see results in Annex V).
- 123. INAB coordinated a series of dialogue and participation workshops with stakeholders to update the Benefit Sharing Plan with the participation of government institutions (MINFIN, MARN, MAGA, CONAP), representatives of REDD+ Initiative projects, representatives of Indigenous Peoples, representatives of beneficiaries of forest incentive programs PINPEP and PROBOSQUE, representatives of private nature reserves, representatives of private forests, representatives of community forests, among other stakeholders; during the months of August, September and October 2022, as part of the process of compliance with the conditions of Effectiveness of the ERPAS. As a result of this process, the third version of the BSP has been updated and will be published on INAB's official website upon approval by the FCPF.

Table 15. Summary table of stakeholder workshops for the design of the BSP ate Location Number of women Number of men Total

Date	Location	Number of women Participants	Number of men participants	Total participants
October 8, 2019	Regional workshops (different facilities nationwide)	70	142	212
August 16, 2022	INAB facilities, in zone 13 of Guatemala City.	3	33	36
October 13, 2022	INAB facilities, in zone 13 of Guatemala City. Zoom Platform	17	36	58
Total	306 people (representing more than 45 organizations)			

The lists of participants in the workshops are attached in the annexes.

10.2. Dialogue on the BSP

- 124. Dialogues on the BSP held in 2019.
- 125. In November and December 2019, MINFIN and GCI institutions, with support from the IDB, conducted the BSP dialogue process. The process included two regional workshops with stakeholders from the eight regions of the country. 212 stakeholders (33% women) from the public sector, community organizations, indigenous

peoples, ⁶⁷ women's groups, academic community, municipalities, private sector, NGOs, among others, participated.

During both dialogue workshops, stakeholders expressed their agreement with the BSP proposal. In addition, the dialogue focused on clarifying doubts about the implementation of the ERP, requirements, and recommendations to further socialize information on the steps to gain access to the ERP.

¹During the dialogue processes, the scope and participation of indigenous peoples, representatives of forestry social organizations, indigenous communities and peoples, representatives of PROBOSQUE and PINPEP forestry incentive projects, representatives of local communities in Peten that are located within protected areas, representatives of private nature reserves, representatives of private forests and others who have a national presence in the regions where the distribution of ERP benefits will potentially take place have been considered.

The participation of Indigenous Peoples has allowed the workshops to recognize ancestral knowledge and traditional practices in the distribution of benefits through their participation in REDD+ Initiative projects.

Participation will be encouraged through communication, technical and legal assistance, like the way indigenous peoples are encouraged to participate in forestry incentive programs (with special emphasis on benefit sharing). The full Aide Memoire will be publicly available on the GCI institutions website.⁶⁸

126. Participants also provided feedback on specific sections of the BSP (see **Table 14**):

Table 16. Results of the dialogues held in November and December 2019.

Comments received	Responses provided
Types of bene	fits: monetary and non-monetary s
It is recommended that participants use the terms "cash" when referring to monetary benefits and "in-kind" when referring to nonmonetary benefits.	In future stakeholder dialogues and engagement events, these terms, which are easier for communities to understand, will be used.
Trainings should not be considered as benefits, but as components of the project when referring to REDD+ project dissemination and information.	In this case, the definition included in the BSP mentions capacity building that refers to institutional strengthening (public and local actors) which is different from the concept of training. This concept will be clarified in future dialogues and participation events.
The distribution of part of PINPEP's monetary benefits increased the demand for projects.	In the design of MCEES Projectes and SIGAP Management Models, this lesson learned will be taken into account, focusing interventions on areas with higher deforestation and forest degradation, or higher carbon stocks and defining the minimum and maximum size of the Projects.
Who bears the costs to enter the ERP? Clarify in the document the technical and legal requirements that must be presented and who must cover these initial costs.	During the workshop, it was pointed out that the project proponent must assume implementation costs of Forestry Management Plan implementation until the they receive the results-based payments; however, there are tools available to generate basic data and their design must be aligned with the ERP methodology.
	To this end, government institutions will generate specific regulations and provide technical and legal support, as well as capacity building.
	Consequently, within the framework of the design of the MCEES and the management models for the conservation and sustainable use of forests in the SIGAP, INAB and CONAP will analyze the minimum and maximum potential sizes for the different access routes to the ERP.

⁶⁸ See SNICC Archive 35 http://snicc.marn.gob.gt/MarinoCostero/Consolidacion

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-	Types of beneficiaries
Would people living on state-owned property be eligible?	Within the categories in the BSP, "tenants in state reserve areas" would be included.
Delete the phrase "including communities with ancestral titles" and instead add indigenous and local communities, of the beneficiaries.	Since the inclusion of ancestral titles came out of the October 2019 pre-dialogue workshop, in the typology in the BSP it will not be removed, but this other suggestion will be added, therefore, remaining as follows: "Local communities (must be duly represented and have the organic structure for decision making), including ancestral title communities, indigenous and local communities".
In the case of individuals, is there a lower or upper limit of hectares?	During the dialogues it was explained that there is no defined limit now but that both INAB and CONAP are currently working on it and it will be included (a calculation) in a BSP.
In the typology of beneficiaries, add NGOs, international cooperators, indigenous peoples' parliaments, etc.	The typology of beneficiaries is indicated in the BSP and includes a paragraph explaining that under the REDD+, MCEES and Management Models for the Conservation and Sustainable Use of Forests projects in the SIGAP, beneficiaries from the private sector, indigenous peoples, communities and local municipalities, among others, may participate; as long as they can demonstrate that they have generated emission reductions through the implementation of the strategic options of the ERP.
Access to ERP	
What is MAGA's mechanism or category for the development of activities within the agricultural sector; or MARN in the case of environmental compensation?	Actions related to sustainable agriculture and livestock could also be included in the modalities of participation. This information will be clarified in future dialogues.
Only include former beneficiaries of forestry incentive programs to guarantee and raise funds for the sustainability of the programs, also to promote ERP additionality.	The BSP seeks the inclusion of all, so it will not be limited to only previous beneficiaries of forestry incentive programs, however, in the ERP.
Submit model contracts and project registration requirements.	Future dialogues will attempt to present these examples.

Dialogues on the BSP held in 2020 and 2021:

- 127. On March 6, 2020, through Governmental Decree 5-2020, a state of calamity was declared in the country because of the official pronouncement of the World Health Organization, which identified the COVID-19 virus as an international public health emergency. In this sense, the right of free movement and conglomerations of people nationwide was limited.
- 128. Therefore, the activities planned to be carried out by INAB through socialization workshops during 2020 and 2021 were not implemented due to the restrictions established by the Ministry of Health of Guatemala.

BSP dialogues held in the year 2022

- 129. In the year 2022 in the months of August and October INAB conducted two dialogue workshops that had the effective participation for updating the Benefit Sharing Plan of Government institutions (MINFIN, MARN, MAGA, CONAP), representatives of REDD+ Initiative projects type REDD+ Projects, representatives of Indigenous Peoples, representatives of beneficiaries of forest incentive programs PINPEP and PROBOSQUE, representatives of private nature reserves, representatives of private forests, representatives of community forests, among other stakeholders.⁶⁹
- 130. On August 16, 2022, INAB implemented the workshop to update the changes made in the advanced draft of the BSP; the target group of this workshop were the users of forest incentive projects in Guatemala, inside and outside Protected Areas, who are the potential implementers of the MCEES Projects and SIGAP Management Models; this group is called the PINPEP Network; who have representation in the 22 departments of Guatemala; below in **Table 17** are the main social indicators of the participants based on the attendance lists:

⁶⁹ The lists of participants in the workshops are attached.

Table 17. Social indicators of August 16, 2022, workshop to socialize the BSP

Number of participants	Gender
33	Man
3	Woman
Number of participants	Age ranges
3	less than 30
33	From 30 to 60
0	Greater than 60
Number of participants	Disability
0	Yes
36	No
Number of participants	Town of belonging
12	Spanish
22	Ki Che
2	Poptí
0	Acateco
5	Tz zutujul
Number of participants	Sector represented by the Institution/organization
0	Academy
0	Private
0	Government
0	NGO's
0	International organizations
36	Local communities and indigenous peoples

131. During the dialogue workshop, stakeholders expressed their agreement with the BSP proposal. In addition, the dialogue focused on clarifying doubts about the implementation of the ERP, the requirements, and the answers to the steps to gain access to the ERP (with special emphasis on benefit sharing)⁷⁰. **Table 18** presents a summary of the comments and doubts made by the representatives of the PINPEP Network to the government of Guatemala.

Table 18. Summary table of stakeholder comments or questions from the August 16, 2022 workshop.

Update of the BSP and its Operatinal Manual: The Executive Unit of the ERP detailed the development of the document since 2020, and the outline of the draft BSP Operating Manual was presented.

Comments received	INAB responses
Representative of the PINPEP Network, I ask: If a forestry incentive project has been previously approved within protected areas, is it possible to use that same approval to enter the ERP or is it necessary to make a new approval?	The requirements of the Emission Reduction Program are established in the Emission Reduction Program Documents such as the Program Assessment Document (PAD), the Emission Reduction Payment Agreements and its annexes, the Benefit Sharing Plan and its Operational Manual, mainly. These documents consider a specific forest management plan for the Emission Reduction Program, which has additional requirements to those of the forestry incentive

 70 The agenda for the August 16, 2022 workshop, attendance list and photographs of the event are attached as annexes.

programs, for example, a section on safeguards and non-carbon indicators. Another requirement includes the minimum area of participation of compensation mechanisms for ecosystem and environmental services associated with forests, which corresponds to a minimum area of 100 hectares (which can be individual or group projects).

Representative of the PINPEP NETWORK, I ask; Regarding land tenure, can a public deed be presented instead of a municipal certification as proof of tenure. Considering that the beneficiaries of incentives have indicated that the mayors use this instrument as a political tool. The documents supporting land tenure are defined in existing national regulations (cite regulations), so it is not up to INAB to define which documents support land ownership or tenure.

Representative of the PINPEP NETWORK, I ask; Will payments be made to each of the beneficiaries or only to the project holder?

According to Article 22 of the Climate Change Law, the owners, or holders of land on which the projects are implemented are the owners of the titles of the emission reductions and beneficiaries of the payments for results. Article 5 of Decree 20-2020 of the Congress of the Republic of Guatemala adds the implementers of measures of the Emission Reduction Program, as owners of the titles of emission reductions and beneficiaries of payments for results.

Based on INAB's experience with forestry incentive programs and considering that the signing of contracts and the development and implementation of forest management plans for REDD+ projects under the ERP is the responsibility of a project owner who in turn must be a representative of the holders of the emission reductions, it is the project owner who will receive the payments for the results of the Emission Reduction Program.

The members of PINPEP's Board of Directors request that at the next meeting held with them that CONAP representatives be invited, if the endorsement of project activities in protected areas previously provided for forestry incentive projects be used for projects to be included in the Emission Reduction Program.

Inter-institutional workshops have been held with the participation of CONAP, MARN, MAGA, MINFIN and representatives of REDD+ projects, in which the draft Operational Manual of the Benefit Sharing Plan has been socialized, which includes the procedures and general requirements for participation of REDD+ initiative projects in the ERP. These requirements take into consideration the regulations approved by the CONAP REDD+ Initiative Projects, which include, among its requirements, an opinion and map of the location of projects within protected areas issued by CONAP, and an opinion from the CONAP Executive Secretariat on the activities to be implemented in each project.

132. Subsequently, on October 13, 2022, INAB held a workshop to discuss with stakeholders the advanced version of the draft of the BSP of the Emissions Reduction Program; mainly with stakeholders in the forestry sector at the national level who have the potential to be beneficiaries of payments for emission reductions under the ERP; The event was attended by representatives of universities, NGOs, municipalities, private sector, government institutions (MINFIN, MARN, MAGA, CONAP), representatives of REDD+ Initiative projects, representatives of Indigenous Peoples, representatives of beneficiaries of the forest incentive

programs PINPEP and PROBOSQUE, representatives of private nature reserves, representatives of private forests, and representatives of community forests. 71

133. Table below shows the main social indicators of the participants based on the attendance lists:

Table 19. Table of social indicators of the participants in the October 13, 2022 workshop to socialize the BSP.

Number of participants	Genre
36	Man
17	Woman
Number of participants	Age ranges
7	less than 30
43	From 30 to 60
3	Greater than 60
Number of participants	Disability
0	Yes
53	No
Number of participants	Town of belonging
42	Mongrel
9	Maya
2	Xinca
0	Garifuna
Number of participants	Linguistic community
48	Spanish
3	Ki che
1	Poptí
1	Tz zutujil
Number of participants	Sector represented by the Institution/organization
1	Academy
4	Private
27	Government
10	NGO's
2	International organizations
9	Local communities and indigenous peoples

134. During the dialogue workshop, stakeholders expressed their agreement with the BSP proposal. In addition, the dialogue focused on clarifying specific doubts about the advanced document of the BSP⁷². A summary of the comments and doubts made by the participants is presented in Table below.

 $^{^{71}}$ The agenda for the October 13, 2022, workshop, attendance list and photographs of the event are attached as annexes.

⁷² The agenda for the August 16, 2022 workshop, attendance list and photographs of the event are attached as annexes.

Table 20. Summary table of the topics addressed on October 13, 2022, to socialize the BSP with the stakeholders of the forest sector and the Government of Guatemala

Topic 1: Context of the Emission Reduction Program: INAB explained the context of the Emission Reduction Program, including the most relevant milestones, such as the subscription of the ERPAS. INAB also presented the preliminary results of the 2020 Monitoring Report, indicating that in October 2022 the country is in a phase of corrections and completeness of the document with the support of MARN and the World Bank; in addition to indicating that a verification and validation is needed to have final data.

Comments received	INAB Response
Fundación calmécac, intervened by asking a question, focused on the results of the monitoring report in the restoration category, since it was not known by the local REDDES	It was noted that the forest dynamics, including natural restoration zones, were indeed considered in the monitoring report.
projects if natural restoration was considered.	

Topic 2: Context of the Benefit Sharing Plan: The ERP Executing Unit detailed the development of the document since 2020, and the different stages that have been carried out by the Government of Guatemala, to have a final version of the document, including sending it to the FCPF donors from which some doubts were generated and are currently being resolved.

The approach and scope of the ERP Benefit Sharing Plan was explained, as well as the importance for forest sector stakeholders to be aware of the mechanisms established in the document to be potential beneficiaries of the ERP; finally, the structure of the document was explained.

Comments received	INAB Response
No comments were made by the participants	There were no responses to INAB's observations.

Item 3: Update of the Benefit Sharing Plan: The Executing Unit explained the approach to the comments made by FCPF donors, indicating that all requirements have been addressed, with only the low and high yield approaches in early REDD+ projects still pending.

In addition, the socialization of September 8, 2022, on the Benefit Sharing Plan document with early REDD+ projects, MARN, CONAP, MINFIN, INAB and MAGA, was presented so that they could issue comments. In this regard, it was explained how the coordination of the ERP systematized these comments in an Excel format, so that all applicable observations could be addressed.

INAB also stated that all observations issued by the Government and the Early REDD+ Projects were addressed.

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Comments received	INAB Response	
The Defensores de la Naturaleza Foundation	INAB indicated that it could be sold once the	
stated that they commented on the functioning	contractual aspects established in the ERPAs are	
of the ERP benefit sharing committee. However,	fulfilled.	
their main question was whether surpluses from		
REDD+ projects could be traded in the voluntary		
market.		
Fundación Defensores de la Naturaleza and	INAB stated that the analysis of the forestry regency	
Fundación calmécac, stated that among the	must be evaluated from a legal perspective because	
observations they made to the BSP, one of the	INAB's mechanisms require the figure of a forestry	
doubts was about the use of forest regents to fill	regent or, failing that, a management plan developer.	
out the management plans for REDD+ projects,	He also pointed out that in the case of early REDD+	
since they have a PDD, therefore, they would not	projects, based on their PDD, the forest management	
consider it congruent that they should use a	plan could be completed. After the workshop, it was	
forest regent to prepare the management plan.	determined that a forestry regent is not necessary for	
	REDD+ Initiative projects, but that it would be possible	
	to count on the support of management plan	
	developers who are duly registered and trained by	
	INAB.	
UTZ Che asked if the indigenous authorities and	There will be one representative from each type of	
representatives of the forest communities	REDD+ Initiative Project, so it is expected that	

would participate in the ERP benefit distribution indigenous peoples will be considered through this committee.

Item 4: Updating of the sections of the Benefit Sharing Plan: The Executing Unit explained the updated reference documents in the document, being mainly the a) Manual of Technical Guidelines for Planning, Organization, Management and Control of MCEES Projects, b) "Regulations to regulate and promote actions to reduce emissions from deforestation and avoided degradation -REDD+- in the SIGAP, under the emissions reduction program" and c) Ministerial Agreement 284-2020. Regulation for the Registration of Greenhouse Gas Emission Removal and Reduction Projects.⁷³

Regarding the updated terms in the BSP, the term REDD+ Initiatives Project was highlighted, which includes the three modalities established in the ERPD, and it was also explained that the term beneficiaries was expanded to include these definitions, in addition, INAB explained the role of the beneficiaries in the ERPD file, starting with the emission holders, the project representative, the certificate representative and the direct beneficiary.

Comments received	INAB Response
UTZCHE inquired whether indigenous peoples	INAB indicated that the requirements for the MCEES
can be considered in the process to become full	that will be requested are the same as those
representatives of a project, due to the	requested for forestry incentives, therefore, there
requirements that are requested.	are no limitations for indigenous peoples except for
	those that the law does not allow.
The PINPEP Network asked if they could enter	INAB indicated that this group of beneficiaries that
people who were previously in forestry	were part of the Forestry Incentives were expected
incentives for the MCEES.	to be part of the MCEES.

Topic 5: Process of distribution of benefits per hectare for REDD+ Initiative Projects type: a) Compensation Mechanisms for Ecosystem and Environmental Services Associated with Forests and b) Management Models for the Conservation and Sustainable Use of Forests in the SIGAP: INAB explained the process for the Estimation of Emission Reductions of the Program based on the Emission Reduction Monitoring Report and its discounts (at the Program level), where the results of the verification and validation have a relevant role in determining the final values at the national level.

Comments received INAB Response

The ARCAS Foundation, which at the time of the workshop was represented on INAB's Board of Directors, mentioned that the Emissions Reduction Program is a priority and that they therefore have the support of INAB's Board of Directors to finalize these processes. Suggesting that the explanations include a more graphic component due to the complexity of terms in the payment phase.

Regarding the fiduciary procedures, INAB explained how the estimation of the potential income of the PROGRAM for the verified emission reductions of the contracted volume (USD), and the payments per ton to the Early REDD+ Projects and per hectare to the MCEES and Management Models for the Conservation and Sustainable Use of Forests in the SIGAP will be carried out.

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11. ENVIRONMENTAL AND SOCIAL STANDARDS

11.1. Implementation of the World Bank's social and environmental standards

- 135. The implementation of social and environmental standards to distribute benefits and mitigate the risks of increased gender-based violence will be carried out through the following stages:
 - 1. Preparation stage: INAB's specialized consultants in social and environmental safeguards will train the focal points of each project on what is established in the Environmental and Social Management Framework or other environmental and social instruments of the Program and their application, with special attention to the aspects of benefit sharing and mitigation of risk associated with increased gender-based violence. The focal points of each project must replicate these trainings to their respective partners. During these trainings, emphasis will be placed on the potential risks and mitigation measures identified in the ESMF, as well as eligible activities, exclusion list and management tools that apply (e.g., the biodiversity action plan).
 - 2. Social and environmental management plans stage: The INAB will request from the projects, as appropriate (e.g., group projects), the respective social and environmental management instruments necessary for compliance with the safeguards, including with respect to benefit sharing and gender-based violence. The INAB's social and environmental safeguards consultants will advise projects on the design of these plans, including protection of cultural heritage, biodiversity, labor management, pest management, and forest management.
 - 3. Implementation and technical assistance stage: INAB, through its specialist consultants and in coordination with government entities, will provide technical assistance to the projects for the implementation of the corresponding actions to comply with the safeguards.
 - 4. Monitoring and reporting stage: projects will submit their respective reports to INAB on compliance with activities under their contracts, including those related to safeguards. In the case of projects located in protected areas, they will transfer the reports to CONAP and the latter to INAB. Subsequently, INAB in coordination with the government entities involved and the GIMBUT will monitor compliance with the activities of each project, including safeguards indicators, and consolidate the information in a single ERP report.
 - 5. Link with the Safeguards Information System (SIS): The ERP Executing Unit will transfer to the MARN information on compliance with safeguards by projects under the ERP, including UNFCCC compliance indicators, for incorporation into the Safeguards Information System, which is part of the SNICC.
- 136. Approach to ensure that small works included in non-monetary benefits comply with the Environmental and Social Management Framework or other environmental and social instruments of the Program. The ERPD establishes that results-based payments should be oriented to the implementation of REDD+ actions included in the 5 strategic options of the ERP. However, projects may also use part of these (non-monetary) benefits to invest in the eligible benefits included in Section 4 of this BSP. REDD+ Initiative Projects can invest in social aspects that benefit the communities, including small works oriented to education and health, just like the early REDD+ Guatecarbón project, the early REDD+ Lacandón project and Reddes Locales, for example: minor infrastructure for checkpoints, minor infrastructure for health and education (improving conditions in schools and health posts, as well as the acquisition of materials and health care services and medicines) or road maintenance.
- 137. To ensure that these or other small works comply with the minimum safeguard standards, within the framework of the Environmental and Social Commitment Plan (ESCP), the group's projects will be asked to design and implement their Environmental and Social Management Plans (ESMP), specifically in accordance with the ESMF, which incorporate the minimum criteria for small works in accordance with the World Bank's Environmental and Social Standards, for example, in the construction of schools or health posts, the walls must be made of solid material and not adobe. Compliance will be monitored by INAB as part of the conditions established in the management plans for each project.

11.2. Feedback Grievance Redress Mechanism (FGRM)

138. It is important to emphasize that the ERP benefit distribution mechanism is based on Guatemala's proven experience of more than 15 years distributing economic benefits in the framework of forestry incentive programs. MINFIN distributes the monetary benefits to the corresponding bank accounts of each beneficiary

if INAB certifies compliance with the project management plans. This process is doubly audited both internally by INAB and by the Comptroller General of the Nation. To date, there have been no complaints or conflicts related to the distribution of these economic incentives; therefore, no conflict with the ERP is foreseen. Benefit sharing is one of the categories included in the Grievance Redress Feedback Mechanism designed with the National REDD+ Strategy and described in detail in Section 14.3 of the ERPD. FGRM will use existing formal or informal mechanisms appropriate for the purposes of the project, supplemented as necessary by mechanisms available to REDD+ Initiative Projects designed to resolve disputes in an impartial manner.

- 139. Within the framework of Guatemala's National REDD+ Strategy, the implementation of a Mechanism for Participation, Prevention and Attention to Complaints (FGRM) has already been considered, which will be fed with information from the FGRM of the Emissions Reduction Program.
- 140. The purpose of the FGRM is to create an institutional culture of attentiveness to citizen concerns and to help identify and address potential problems before they escalate, avoiding costly and time-consuming disputes.
- 141. The FGRM is not intended to replace the judiciary or other forms of legal and/or traditional action existing in the country, but to complement them. Therefore, aggrieved parties may address their complaints and use the typology of existing and relevant mechanisms according to their competencies. If there are legal complaints, the FGRM should respond to the complainant who does not address these types of complaints and guide the complainant where to go with the complaint (e.g., the Public Prosecutor's Office or Municipal Affairs Judge).
- 142. This mechanism also serves to receive requests for information or questions about the Emission Reduction Program and consequently, the MGAS and its annexes, the MRI, the MPPI and the MP take advantage of the institutional mechanisms. The FGRM applies to the implementation of all activities underlying the Emission Reduction Program and is included in all the Program's safeguards. Only the broad outlines of the FGRM are presented here and it is worth noting that the PREESTABLISHMENTS BSP Operating Manual will establish specific procedures related to information and attention to complaints and grievances. The ERP and ENREDD+ FGRM is built based on existing mechanisms for addressing complaints, such as those of MARN and INAB.
- 143. The FGRM is a tool that allows stakeholders to know the questions, concerns, worries and manifestations that stakeholders must have the opportunity to strengthen the Program's services and ensure its successful implementation.
- 144. There will be an accessible, simple, and agile system for complaints and claims, adapted to the socio-cultural characteristics of the impacted population. Messages received are intended to be promptly reviewed to address concerns related to the Program's underlying activities. This mechanism is regionally and nationally accessible, free of charge and anonymously through different mechanisms, including INAB's subregional and regional offices and REDD+ Projects. Primarily, it seeks to establish different ways in which users can send their complaints, which may include submissions in person, by phone, mail, mailbox, email, or website. Through this system there will be a registry where written complaints are recorded and maintained as a database
- 145. As stated in the MGAS, the FGRM for ERP implementation seeks:
 - a. Facilitate any citizen to have access to information about the Program and its underlying activities, send questions, requests, complaints, concerns, claims, suggestions, or any other concern about the program; and that these are attended to by the corresponding instances.
 - b. To create an institutional culture of attention to citizens' concerns.
- 146. Through the FGRM, every user has the right to submit:
 - General Information Request: arising from citizens' doubts about the program, underlying activities, or its executors.
 - Petition: refers to a specific request from a citizen regarding a specific issue.
 - Complaint: it is the expression or manifestation made by the user to an executor due to the dissatisfaction generated by any of the services rendered within the framework of the Program.

- Concern: any concern that has been raised by the intervention of an underlying activity.
- Complaint: It is the opposition or disagreement presented by a citizen, with the purpose of having the Program review and evaluate in a specific manner some action related to its services.
- Suggestion: is a proposal submitted by a user to influence the improvement of an activity or process, whose object is related to the services of the project.
- Workforce Complaint or Request: any doubt, request, complaint or information about a work
 or job within the underlying activity within the ERP.

The entry channels for information requests, petitions, complaints, concerns, claims or suggestions will be through:

Via web form: A form will be developed on INAB's website through which all requests for information, petitions, complaints, concerns, claims or suggestions will be followed up, to which all users, whether sectoral (potential or current beneficiaries) or institutional, will have access. The web form will be available in local languages.

By telephone: by calling the INAB Customer Service telephone number or specific telephone number. The user's request will be transcribed on the FGRM form hosted on INAB's website by the person answering the call. A copy of the form will be sent to the complainant when submitting an email. Interested parties who have problems with handwriting can easily use this modality to file a complaint and obtain a follow-up on the complaint in a similar manner.

In writing: by sending an e-mail to the address provided by INAB or by letter addressed to the INAB Emissions Reduction Program Coordination Office, which can be delivered to any of the more than 35 INAB subregional and regional offices throughout the country.

Personally: by contacting any of INAB's offices (Central, Regional or Subregional). Although complaints can be received here, they will be channeled through the web form with the support of INAB's institutional staff. In this mechanism, the user may address INAB staff in his or her native language when support is available.

Follow-up on the resolution of FGRM requests will be through INAB's Emissions Reduction Program Coordination, according to the procedures and delegation of responsibilities that will be detailed in the ERP BSP Operating Manual.

147. Stakeholders can provide feedback on BSP implementation, via information systematized through the web system.

11.3. Gender

148. Guatemala developed the REDD+ and Gender Roadmap⁷⁴ with the ENREDD+. It includes strategic actions for the equitable distribution of benefits between women and men, including the following:

- Promote women's participation in decision-making related to benefit sharing at all levels.
- Carry out a permanent information process on the equitable distribution of benefits at the local level in the regions.
- Encourage joint work programs between the Gender Directorates or Units of the GCI institutions to ensure a uniform application of the gender approach in the BSP.
- Ensure that the design and implementation of the BSP incorporates a gender perspective.
- Ensure adequate implementation of benefit-sharing mechanisms so that women can gain access to payment for results and other non-carbon benefits.
- Identify concrete actions to prevent or mitigate associated impacts to benefit distribution.
- Prepare the baseline and monitoring of income obtained from forestry actions focused on women.
- Prepare a baseline on the type of productive activities focused on women within the REDD+ Initiative Projects with the ERP.
- 149. In addition, the key programs that support the ERP have more than 15 years of experience implementing affirmative actions for the inclusion of women, resulting in a participation of women of 34% of total PINPEP projects (from 2007 to 2019) and 12% in the case of PROBOSQUE (from 2017 to 2019).

⁷⁴ ηττπσ://ωωω.ιυχν.οργ/σιτεσ/δεσ/φιλεσ/χοντεντ/δοχυμεντσ/2018/ρυτα δε γενερο ρεδό γυατεμαλα.πδφ

- 150. With respect to the risks of increased domestic violence or gender-based violence, including those related to benefit sharing, the following activities will be carried out within the framework of the PCAS:
 - Capacity building to the ERP Implementing Unit on how to comply with the ESMS and other World Bank Environmental and Social Standards and the prevention of gender-based violence.
 - Capacity building to Project Proponents/Owners/Executing Unit of REDD+ Initiatives as well as
 those involved in their implementation on gender inclusion, prevention of gender-based violence
 and attention to victims. This includes raising awareness about the importance for families of
 directly including women in benefit sharing and the relevance of strengthening women's
 participation in the ERP and in the implementation of the BSP, among others.

ANNEX I. LEGAL BASIS OF THE INSTITUTIONAL FRAMEWORK FOR THE DBP

Government Institution	Functions	Legal basis
MINFIN	Signatory of subsidiary agreement with INAB specifying the roles of INAB and MINFIN for the implementation of the Program. Recipient of disbursements for resultsbased payments from the Carbon Fund Distributor of results-based payments to REDD+ Initiative projects (REDD+ Projects, MCEES, and Management Models for the Conservation and Sustainable Use of Forests in SIGAP).	Legislative Decree 20-2020 approved by the Congress of the Republic of Guate Emission Reduction Payment Agreements.
CONAP	Evaluates the measures of the forest management plans of REDD+ Initiative Projects located in protected areas. Signatory of contracts for projects in which it acts as owner Participates in the committees or technical groups established in the Operating Manual of this BSP. CONAP approved the creation of the Governance Council of the GUATECARBON Project in	Decree number 4-89 - Protected Areas Law, Article 69, CONAP's attribution concessions for the use and management of SIGAP protected areas and ensuregulations established for this purpose are complied with. Article 19 of the Protected Areas Law. Articles 27, 28, 37 and 38 of the Protected Articles 4,5,6,7,8,9,10,11,12,13,14,22,25,30 of the Regulations for the Awardi Management of Renewable Natural Resources in the Multiple Use Area of the Article 98 of the State Contracting Law. Decree 57-92 of the Congress of the Regulations to regulate and promote actions to reduce emissions from avoide REDD+- in the SIGAP, within the framework of the emissions reduction program

	compliance with the safeguards applicable to REDD+ projects under the United Nations Framework Convention on Climate Change and coordinates with ACOFOP the GUATECARBON project.	
INAB	ERP Executing Unit Participates in the committees established in the Operating Manual of this BSP.	Legislative Decree 20-2020 approved by the Congress of the Republic of Guatemala. In accordance with Article 14 literal e) of Decree 101-96 of the Congress of the Republic of Guatemala, Forestry Law, it is the responsibility of the Board of Directors of INAB to dictate the necessary provisions for the efficient operation of the institution and the fulfillment of its purposes. Article 5 of Decree 2-2015 of the Congress of the Republic of Guatemala, Law of PROBOSQUE, the implementing body of this Law is under the competence of INAB. Article 4 of Decree 51-2010 of the Congress of the Republic of Guatemala, PINPEP Law states that the implementation of this Decree is under the jurisdiction of INAB; and payments to its beneficiaries will be made in coordination with MINFIN. Emission Reduction Payment Agreements.
	Creation and regulation of MCEES Signatory to agreements or contracts for projects in which it participates.	Decree 2-2015 of the Congress of the Republic of Guatemala, Law to Promote the Establishment, Recovery, Restoration, Management, Production and Protection of Forests in Guatemala - PROBOSQUE. Article 19. Compensation mechanisms for ecosystem and ecological services associated with forests. INAB, in collaboration with the beneficiaries and other stakeholders, will promote the operation of compensation mechanisms aimed at the owners of projects that generate ecosystem and ecological services associated with forests. Aspects related to the planning, organization, direction and control of the different compensation mechanisms will be established in the regulations of this Law.
		Resolution of the Board of Directors of INAB Number JD.01.27.2018. Regulation of the PROBOSQUE Law. Article 5. Definitions. To apply these regulations, in addition to those contained in the PROBOSQUE Law, current forestry regulations and other applicable laws, the following definitions are established: Compensation mechanism for ecosystem and ecological services associated with forests: Voluntary agreements that establish the transfer of economic or non-monetary resources between stakeholders with the objective of promoting sustainable activities by forest owners or holders that provide a definitive ecological service.

Article 6. Application Body. The application of these Regulations is under the competence of INAB.

INAB should promote and socialize PROBOSQUE with potential Project Holders, with the aim of increasing forest cover, promoting sustainable forest management, fostering forest production chains, and supporting compensation mechanisms for ecosystem and ecological services associated with forests to help ensure the livelihoods of the population.

Article 44. Destination of the resources of the Fund. The resources that reach the fund will have the destinations established in Article 21 of the PROBOSQUE Law, including all those operating and investment expenses that are necessary to ensure the operation and continuity of the services provided by the institution; as well as the financing of projects aimed at capital formation in forest areas and the compensation of ecosystem and ecological services associated with forests and other expenses contemplated in the Manual of Budget Classifications of the Public Sector of Guatemala that are linked to the institutional purposes .

Article 58. Promotion of compensation mechanisms. INAB will promote the establishment of compensation mechanisms for ecosystem and ecological services associated with forests at the local, national and international levels, which will be governed by the Technical Guidelines Manual.

Article 59. Planning of compensation mechanisms. INAB, in coordination with the interested parties, will design, develop and accompany the plans for the establishment of compensation mechanisms for ecosystem services, in those areas with forest cover that meet the minimum technical, economic, social and institutional conditions that guarantee the continuation of the provision of this service, which should contemplate the legal framework of the mechanism and the regulations for the administration and execution of the funds.

Article 60. Organization of compensation mechanisms. INAB, in coordination with the stakeholders, shall establish the organizational structure and functions of these actors, for the operation of the compensation mechanisms.

ARTICLE 61. Management and control of compensation mechanisms.

INAB will design, carry out and accompany the establishment and operation of monitoring, reporting and verification systems in the compensation mechanisms that so require, to guarantee the implementation of the activities stipulated in the stakeholder agreements.

Technical Guidelines for the planning, organization, management and control of MCEES, approved by INAB's Board of Directors.

Article 62. Administration of compensation mechanisms. The economic income from the administration of the compensation mechanisms for ecosystem and ecological services associated with forests will enter the National

		Forest Development Fund (FONABOSQUE). For this purpose, INAB will define the administrative mechanism that provides guidelines for the channeling and use of economic income.
		Article 63. Collection for administrative expenses. INAB will establish a charge for administrative expenses to manage the funds of the compensation mechanisms for ecosystem and ecological services associated with forests, as well as for the costs of monitoring, reporting and verification.
		For these purposes, a cost will be established for the ecosystem service to which the compensation mechanism is applied.
MARN	It oversees the Registry of GHG Reduction or Removal Projects. Manages and operates the	The Framework Law to Regulate the Reduction of Vulnerability, Mandatory Adaptation to the Effects of Climate Change and the Mitigation of Greenhouse Gases (Decree 7-2013) stipulates in its Article 22 the creation of the Registry of Projects for the Reduction or Removal of Greenhouse Gas (GHG) Emissions.
	SNICC.	Article 9 the creation of the Climate Change Information System.
	Operates the Registry of GHG Reduction or Removals Projects. Manages and operates the SNICC.	Emission Reduction Payment Agreements.
	Participates in the committees or technical groups established in the Operating Manual of this BSP.	Ministerial Agreement 284-2020. Regulation for the Registration of Greenhouse Gas Emission Removal and Reduction Projects.
MAGA	Facilitates the enabling conditions for the generation of REs in the agricultural sector.	Emission Reduction Payment Agreements.
	Participates in the committees or technical groups established in the Operating Manual of this BSP.	

ANNEX II. BRIEF SUMMARY OF THE NESTING APPROACH

- 1. The risk of double accounting of ERs arises because early REDD+ and ERP projects overlap in the same geographic area and in the same period, but their design applied different carbon accounting methodologies. Nesting implies that early REDD+ projects seeking to account for and transfer ERs during the ERP implementation period to the Carbon Fund must use the FRL established under the ERP to calculate their ERs.
- 2. Nesting of projects to the ERP applies only to existing initiatives that implement one or more of the accounted activities and have a verified baseline with the VERRA-VCS methodology. So far, the early REDD projects that have a VERRA-VCS verified baseline that includes activities, pools and GHGs as those included in the ERP and that propose to participate in the ERP are Guatecarbón and Lacandón.
- 3. The protocol for implementing the nesting approach proposes a general, simple to apply and transparent methodology that consists of distributing the FRL of the ERP in portions of geographic scope ('quotas') among the various REDD+ initiatives and projects participating in the ERP, according to criteria that reflect the effort made by various actors to conserve forests and counteract deforestation and forest degradation, with the intention of scaling the entire national area in the future. The protocol will serve to calculate the fees assigned to the different REDD+ initiatives and projects within the ERP.
- 4. To calculate quotas, variables were used that reflect the efforts that early REDD+ projects have made and will continue to make to reduce GHG emissions within the REDD+ framework, in the accounting of the ERP. The main variables that were proposed and selected for the allocation of ERP FRL 'quotas' are presented below. Each of these variables was assigned a weight of 40%.
 - Current forest area; according to the latest official national information.
 - Current deforestation and degradation rate (in hectares); according to the most recent official national information (e.g., calculated in the two years prior to quota allocation).
- 5. In addition, the following additional criteria were considered, whose aggregate weight amounts to 20%. Belonging to the following categories:
 - Protected areas
 - · Water recharge areas, strategic ecosystems prioritized by INAB
 - Areas with potential for Forest Landscape Restoration
 - REDD+ Subregions identified in the ENDDBG
- 6. The ERP accounting area was divided into three areas, and each was assigned FRL quotas, calculated based on the variables and criteria indicated above. The areas are the following: (i) the total area of the Lacandón project in the municipalities of La Libertad and Las Cruces; (ii) the partial area of the Guatecarbón Early REDD+ Project in the municipalities of San Andrés, San José, Flores and Melchor de Mencos (included in the ERP) and (III) the Remaining Area of the ERP. **Table 8** shows in main text the area of each and the area of the ERP they represent.
- 7. **Table 9** presents in the main text the quotas calculated for each ERP area. These quotas represent the benchmarks for each area that will serve to quantify the ERs generated during each ERP. Most of the ERP NRFs were assigned to the area outside of pre-existing REDD+ projects. **Table 21** shows the preliminary quota results disaggregated by REDD+ activity.

Table 21. NFR shares of	disaggregated b	y REDD+ activity.
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Area	Emissions	(tCO2e)	Removals	s (tCO2e)
	Deforestation	Degradation	Restoration	Plantations
Early REDD+ Lacandón Project	490.155,17	105.005,26	-63.486,36	
Guatecarbón Early REDD+ Project	1.217.409,78	313.242,32	-197.837,34	
Rest of the ERP area	10.583.199,13	2.592.227,87	-1.683.039,16	-271.431,14
Total	12.290.764,08	3.010.475,45	-1.944.362,85	-271.431,14

- 8. To facilitate the estimation of emissions in each RP, a nesting protocol75 was prepared, including an Excel tool to calculate the areas corresponding to each quota. Estimation of FRL, quotas and measurement results would be carried out for each monitoring event using the national MRV system, which can calculate emissions and removals for the reporting period in the various areas of interest for the ERP. Therefore, the data will be updated based on the results of the emission reduction monitoring reports for each corresponding reporting period.
- 9. While nesting helps to determine the volume of ERs for each REDD+ Early Action Project, benefit sharing only begins after such reductions, once verified, have been paid for by a results-based payment source (such as the Carbon Fund). Therefore, the nesting process is considered a step prior to the implementation of this BSP. For this reason, no additional consideration of nesting of REDD+ projects is included in the RP.

⁷⁵ https://www.forestcarbonpartnership.org/system/files/documents/annex_xi-approach_and_principles_of_nesting_redd_guatemala_09oct2020_clean.pdf

ANNEX III. PROJECTED MRV CHRONOLOGY AND DISTRIBUTION OF BENEFITS IN EACH RP.

First reporting period: January 1 through December 31, 2020.

No.	Activities	Responsible	Deadline
1	Implementation of measures to be included in the forest management plan, compliance with the	Proponents/Owners/Executing Units	January 1, 2020 -
	safeguards framework, monitoring of non-carbon benefits, transfer of emission reduction titles, measures to prevent reversals, as appropriate.	of REDD+ Initiatives	December 31, 2020
	REDD+ Program and Initiative Monitoring: Preparation of REDD+ initiative Project Monitoring Reports or evaluation of compliance with their management plans.	INAB	July, 2022
	Preparation and submission of the consolidated Monitoring Report, using the FCPF MR template.	INAB	July, 2022
	Submission of the First Consolidated Monitoring Report to the World Bank, following the schedule stipulated in the ERPA General Conditions.	MINFIN	July, 2022
5	RM FCPF Review	FCPF Secretariat	December, 2023
5	Independent verification of the RM	Part Three Independent	December, 2023
	Calculation of payments based on results.	FCPF Carbon Fund	November, 2023
	Deposit of payments in the MINFIN account	FCPF Carbon Fund	December, 2023
	Application of the benefit sharing criteria and submission of the benefit sharing report to MINFIN	NBSC	May, 2024
	Distribution of results-based payments in the form of monetary benefits to Proponents / Holders / Project Implementation Units of REDD+ Initiatives.	MINFIN	October-November, 2024
	Distribution of results-based payment benefits in the form of non-monetary benefits to final beneficiaries participating in REDD+ initiatives.	REDD+ Initiatives Project Proponents/Owners/Implementation Units	December, 2024

Note: The calendar will be updated according to the results obtained in each monitoring report.

Second reporting period: January 1, 2021 to December 31, 2022

No.	Activities	Responsible	Deadline
1	Implementation of measures to be included in the forest management plan, compliance with the safeguards framework, monitoring of non-carbon benefits, transfer of emission reduction titles, measures to prevent reversals, as appropriate.	Proponents/Owners/Executing Units of REDD+ Initiatives	January 1, 2021 - December 31, 2022
	REDD+ Program and Initiative Monitoring: Preparation of REDD+ initiative Project Monitoring Reports or evaluation of compliance with their management plans.	INAB	July, 2023
	Preparation and submission of the consolidated Monitoring Report, using the FCPF MR template.	INAB	July, 2023
	Submission of the First Consolidated Monitoring Report to the World Bank, following the schedule stipulated in the ERPA General Conditions.	MINFIN	July, 2023
5	RM FCPF Review	FCPF Secretariat	September, 2023
5	Independent verification of the RM	Part Three Independent	February, 2024
	Calculation of payments based on results.	FCPF Carbon Fund	January 31, 2024
	Deposit of payments in the MINFIN account	FCPF Carbon Fund	March, 2024
	Application of the benefit sharing criteria and submission of the benefit sharing report to MINFIN	NBSC	July, 2024
	Distribution of results-based payments in the form of monetary benefits to Proponents / Holders / Project Implementation Units of REDD+ Initiatives.	MINFIN	October-November, 2024
	Distribution of results-based payment benefits in the form of non-monetary benefits to final beneficiaries participating in REDD+ initiatives.	REDD+ Initiatives Project Proponents/Owners/Implementation Units	December, 2024

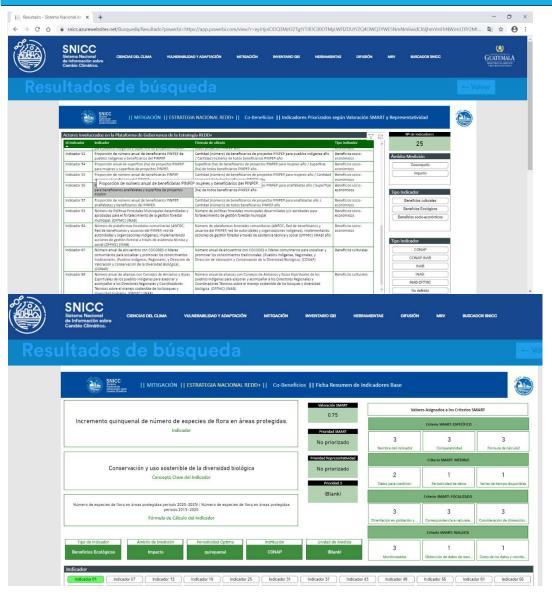
Note: The calendar will be updated according to the results obtained in each monitoring report.

Third reporting period: January 1, 2023 to December 31, 2024

No.	Activities	Responsible	Deadline
1	Implementation of measures to be included in the forest management plan, compliance with the safeguards framework, monitoring of non-carbon benefits, transfer of emission reduction titles, measures to prevent reversals, as appropriate.	Proponents/Owners/Executing Units of REDD+ Initiatives	January 1, 2023 - December 31, 2024
	REDD+ Program and Initiative Monitoring: Preparation of REDD+ initiative Project Monitoring Reports or evaluation of compliance with their management plans.	REDD+ Initiatives Project Proponents/Owners/Implementation Units	July, 2024
	Preparation and submission of the consolidated Monitoring Report, using the FCPF MR template.	INAB	December, 2024
	Submission of the First Consolidated Monitoring Report to the World Bank, following the schedule stipulated in the ERPA General Conditions.	MINFIN	July, 2025
5	RM FCPF Review	FCPF Secretariat	March, 2025
5	Independent verification of the RM	Part Three Independent	October, 2025
	Calculation of payments based on results.	FCPF Carbon Fund	November, 2025
	Deposit of payments in the MINFIN account	FCPF Carbon Fund	December, 2025
	Application of the benefit sharing criteria and submission of the benefit sharing report to MINFIN	NBSC	July, 2026
	Distribution of results-based payments in the form of monetary benefits to Proponents / Holders / Project Implementation Units of REDD+ Initiatives.	MINFIN	October 1-November 29, 2026
	Distribution of results-based payment benefits in the form of non-monetary benefits to final beneficiaries participating in REDD+ initiatives.	REDD+ Initiatives Project Proponents/Owners/Implementation Units	December 1 - Dec 13, 2026

Note: The calendar will be updated according to the results obtained in each monitoring report.

ANNEX IV. MONITORING OF NON-CARBON BENEFITS UNDER THE SNICC



ANNEX V. RESULTS OF THE DIALOGUE WORKSHOPS

Summary of 2019 workshops

- On October 8, 2019, a dialogue on the content of the second draft of the BSP was held with representatives
 of potential beneficiaries. The dialogue included the following topics: (i) Context: Background, REDD+ actions
 under the ERP and ways to participate; (II) Principles and criteria for benefit sharing; (III) National Governance
 for Benefit Sharing; (iv) Benefit Sharing Mechanism; (v) Government participation in the BSP; (vi)
 Participation guidelines; (VII) Monitoring and reporting of the BSP; and (VIII) Activities that cannot be
 financed with payments for results.
- 2. Prior to the workshop, a summary of the second draft of the BSP was sent to the participants and during the event a plenary session was held where the Government explained the details of each section of the draft Plan, also providing a space between sections to receive feedback on each one.
- 3. Participants in the dialogue workshop were representatives of 32 stakeholders from the following organizations: ACOFOP, Fundación Defensores de la Naturaleza, FUNDAECO, FEDECOVERA, UtzChe, CALMECAC, the Forestry Guild, ASORECH, the National Alliance of Community Forestry Organizations, (ANOFCG), National Association of Municipalities (ANAM), MARN, MAGA, INAB, CONAP, MINFIN, Climate Focus and the IDB.
- 4. Below are the stakeholder requests and agreements made during the pre-dialogue workshop to be included in the advanced draft of the BSP. The feedback provided corresponds only to the sections: principles and criteria; benefit sharing mechanism; and government participation in the BSP. It is also clarified that a "general" section is left at the beginning with the requests and agreements that were made that go beyond the specific sections of the Plan.

General remarks:

- Use simple language so that it is understandable to all stakeholders, especially local communities.
- In the BSP make it very clear that, although there are 3 REDD+ projects, these will not be the only beneficiaries and that new ones will be able to contribute through various access routes: MCEES Projects, new REDD+ projects, or with SIGAP Management Models either as individuals or as groups. Cap results-based net payments at 50% of net payments to accrue to early REDD+ projects to ensure that new REDD+ Initiatives have an equal opportunity to participate in the ERP.
- Clearly define, and separately, what are the requirements for MCEES and SIGAP Management Models, in particular: how to obtain access, what would be a minimum or maximum size of a project, what will be the priority areas to establish such mechanisms, etc. In addition, clarify whether the new REDD+ projects refer to the MCEES and SIGAP Management Models, or refer to another scheme such as early REDD+ projects.
- Include within the BSP and its Regulations all the steps to participate in the ERP until the transfer to the Carbon Fund, which are:
 - 1. Organization: a person or group of people constitute a project to be part of the ERP under the following access routes: i) new individual, group, public or private REDD+ projects; ii) individual, group, public or private MCEES; iii) under SIGAP Management Models. If they are group projects, they must have a representative.
 - 2. Register the project with MARN, which will grant a certificate of registration.
 - 3. Prepare a REDD+ Plan with details of the activities to be implemented with the ERP.
 - The government will monitor the implementation of the REDD+ Plan (there are three monitoring events in total during the 2020-2024 period) and there may also be monitoring of a specific standard.
 - 5. Conduct verification of emission reductions (carried out by the World Bank with an external entity).
 - To issue the transfer of the title to the RE to MINFIN, for which a contract will be signed with the holder.

- 7. MINFIN receives the certificate of compliance from INAB and together with the verification carried out by the external entity transfers the payment directly to the beneficiary:
 - In the case of existing REDD+ projects, the internal flow of monetary and non-monetary benefit sharing for each project has already been established.
 - For individual projects, the beneficiaries will receive the monetary benefits directly from MINFIN.
 - In the case of new REDD+ projects, MCEES Projects, or SIGAP Management Models, each will decide whether MINFIN will transfer monetary benefits directly to each beneficiary or to an ad hoc Executing Unit that each project selects and that will distribute monetary or nonmonetary benefits.
 - Leave in the BSP a line focused on the development of conditions and capacities for local organizations, especially on the topic of benefit sharing and others related to the ERP, which will allow property owners to contribute suggestions and participate in the processes, especially during ERP implementation.

2. Principles and criteria:

- The State is fundamentally responsible for compliance with the principle of efficiency, especially in matters related to monitoring when INAB is fundamental in supporting beneficiaries in the preparation of reports.
- For the criterion "contribution to emission reductions":
 - Define the minimum or maximum number of hectares to consider a large or small project. Evaluate whether the definition included in the Forestry Law related to this can be used.
 - For the unit of measurement of "emission reductions" and "number of hectares", include an example and assess whether this is fair for large or small projects. Clarify why this differentiation is made.

3. Benefit sharing mechanism

- In the definition of "monetary" and "non-monetary" benefits, make it clear that individual
 projects will receive only monetary benefits and in the case of group projects, people can
 decide whether they receive monetary benefits, non-monetary benefits, or both types of
 benefits.
- In the definition of monetary benefits, change the word "support" to "implement".
- Make it clear that the ERP will recognize any type of land title, such as ancestral titles. To do this, take as a basis the appeal for protection made to the PROBOSQUE Law on this issue.
- In the section on ER title transfer make it clear that once the project is implemented, they
 may not sell them to another buyer, but clarify that this refers only to the emission
 reductions offered under such ownership and not to other emission reductions that the
 projects have also generated, which they are not offering under such ownership and which
 they may sell to other buyers.
- It should be clarified that ownership of ER titles in projects outside protected areas will be transferred from the projects directly to MINFIN and not to INAB (there will be no intermediary).
- In the glossary of the BSP and in the Benefit Sharing Regulation include a clear definition of ER title ownership and under what mechanism it will be granted (contract between MINFIN and the project). Also, make it clear that this is not a transfer of real estate, but only the emission reductions that you wish to trade.
- Regarding monitoring, make it clear in the BSP and its Regulations that:
 - 1. The costs associated with monitoring will be fully borne by the government through the budget allocation, and that these will not be charged to ERP projects or results-based payments.
 - 2. The World Bank will be responsible for covering the costs of verifying ERP emission reductions.

- 3. In the case of REDD+ projects (existing or new), they must satisfy the nesting criteria.
- 4. Monitoring by external verifiers will be recognized.
- 5. Consider the experience of forestry incentive projects where in some cases monitoring large projects was prioritized because it was more accessible than monitoring small projects s.

4. Government participation in the BSP:

• In the BSP, make it clear whether the supplementary resources of up to U\$\$300,000 designated for administrative and ERP expenses will be an annual amount or just a lump sum. Clarify that in the event that municipalities are not part of a project, but only provide a service according to their legal competence, for example, certification of possession or certification of compliance with forest management plans as in the case of forestry incentives, they will not participate in the distribution of benefits or decision making of the projects since they are only providing a service that corresponds to them by law and are not part of the projects.



Capacitación de los procesos de gestión de expedientes para el ingreso al Programa de Reducción de Emisiones

Lugar: Ranchón del INAB, Área de Proyectos, 7Av. 6-80 Z.13 Guatemala. Fecha: 16 de agosto de 2022

Agenda

No.	Tema	Responsable	Hora
1	Bienvenida	Ing. Antonio Guoron Coordinador del Programa de Reducción de Emisiones	9:00 - 9:15
2	Descripción y situación general del Programa de Reducción de Emisiones (ya elaborada)	Ing. Marvin Castillo Coordinador Téncico PRE	9:15 - 9:45
3	Contexto general del Plan de Distribución de Beneficios y su Manual Operativo	Ing. Mariano Martínez Consultor de apoyo al PRE	9:45 - 10:00
4	Receso	Todos	10:00 - 10:30
5	Roles del Usuario durante la gestión de expedientes	Ing. Mariano Martínez Consultor de apoyo al PRE	10:30 - 10:15
6	Proceso de convocatoria	Ing. Marvin Castillo Coordinador Téncico PRE	10:15 - 10:30
7	Proceso de solicitud, aprobación y monitoreo de Proyectos de Iniciativas REDD+	Ing. Mariano Martínez Consultor de apoyo al PRE	10:30 - 11:30
8	Pasos siguientes para la admisión de expedientes y resolución de duda	Ing. Antonio Guoron Coordinador del Programa de Reducción de Emisiones	11:30 - 12:00

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Noe Archila	2977857 290201	Progress	PINPEP NETWO RK	х		х			Х		Х				
William Morales	1577930 871712	Petén	PINPEP NETWO RK	х		х				х	Х				
Manuel Osor	2346457 450503	Petén	PINPEP NETWO RK	х		x				х		х			
Juan Aguaré	1960701 390807	Totonica pán	PINPEP NETWO RK	х		x				х			х		
Elena Aguaré	3127245 780807	Totonica pán	PINPEP NETWO RK		х			Х		х		х			
Omar Ramos	1775508 801805	Petén	PINPEP NETWO RK	х				х		x		x			
Benedicto Perez	1673755 391409	Quiche	PINPEP NETWO RK	х		х				х		х			
Melvin Hernandez	1950489 111331	Quiche	PINPEP NETWO RK	х		x		X		x			x		
Hector Cano	1857907 550904	Xela	PINPEP NETWO RK	х				X		х				X	
Herlinda Hernandez	2876998 462366		PINPEP NETWO RK		х	х				х		х			

Juana Sisimit	1040091 490402	Chimalte nango	PINPEP NETWO RK		х		x			х		х		
Osvaldo Aguirre	1739570 562186	Jalapa	PEÑA BLANC A ASSOCI ATION	х				х		х	х			
Melecio Cantoral	2301835 572106	Jalapa	PEÑA BLANC A ASSOCI ATION	х		х				х	х			
Isais Ortiz	1909864 842203	Jutiapa	PINPEP NETWO RK	х		х				х	х			
Mario Gonzales	2622548 751712	Petén	PINPEP NETWO RK	х		х				х				Х
Hamilton Gonzales	2563367 231712	Petén	PINPEP NETWO RK	х				х		х				Х
Dany Esteban	1865181 121712	Petén	PINPEP NETWO RK	х		х				х	х			
Walter Velasquez	2501887 341202	San Marcos	PINPEP NETWO RK	х				х		х				Х
Jesus sil	1605038 251604	Salamá	PINPEP NETWO RK	х				х		х	Х			
Pedro Olmino	1963648 411604	Salamá	PINPEP NETWO RK	х				х		х	Х			

Fredy	2484145	Sacatep	FUNDA	Х				х			х
Aguilar	770114	équez	ECO								
Antonio	2403090	Jalapa	PINPEP	Х	Х			x	х		
Urrutia	492104		NETWO								
			RK								
Armando	1609173	Purulhá	PINPEP	Х		Х		x		х	
	281598		NETWO								
			RK								
Nery Danilo	2078647	Purulhá	PINPEP	Х	Х			х		Х	
	675045		NETWO								
			RK								

Photos from the August 16, 2022 workshop.

☐ PINPEN NETWORK participants



☐ ERP Executing Unit Trainer





Taller de presentación y socialización del Plan de Distribución de Beneficios actualizado del Programa de Reducción de Emisiones

AGENDA

Taller presencial (por invitación): Acceso a video conferencia (general): FECHA: HORARIO:

Ranchón del INAB 7a avenida 6-80 zona 13, ciudad de Guatemala. https://us06web.zoom.us/i/88340200945 ID de reunión: 883 4020 0945 13 de octubre del 2022 8:30 a 13:00 horas

Horario	Actividad	Facilitador o Participantes
3:30 - 8:45	Registro	Todos
8:45 - 9:00	Objetivos y metodología del taller	Ing. Marvin Castillo INAB Coordinador Técnico del Programa de Reducción de Emisiones
9:30	Avances del Programa de Reducción de Emisiones de Guatemala Descripción del Programa Estatus de las condiciones de efectividad de los Acuerdos de Pago por Reducción de Emisiones y calendario de actividades Resultados preliminares del Reporte de Monitoreo de Reducción de Emisiones	Ing. Antonio Guoron INAB: Coordinador del Programa de Reducción d Emisiones
9:30 - 9:45	Contexto y contenido del Plan de distribución de Beneficios	Ing, Mariano Martínez Consultor de apoyo técnico al Programa de Reducción de Emisiones,
9:45 - 10:00	Proceso de actualización del Plan de Distribución de Beneficios del Programa de Reducción de Emisiones Comentarios (requerimientos) del PCPF al Plan de Distribución de Beneficios Comentarios del FCPF. Proceso de socialización del documento. Observaciones de las entidades participantes en el programa y abordaje.	Ing. Marvin Castillo INAB Coordinador Técnico del Programa de Reducción de Emisiones
10:00 – 10:30	Actualizaciones al Plan de Distribución de Beneficios Actualización de documentos de referencia y referencias bibliográficas Actualización sobre la situación de los Proyectos del Programa de Inversión Forestal Actualización de términos Tipología de proyectos Tipo de proyecto "Modelos de manejo para la conservación y uso sostenible de los bosques en el SIGAP" El rol de los beneficiarios en las gestiones ante el INAB como entidad ejecutora	Ing. Mariano Martínez BID Consultor de apoyo técnico al Programa de Reducción de Emisiones.
10:30 - 10:45	Refrigerio	Todos



Horario	Actividad	Facilitador o Participantes
10:45 - 11:15	Actualizaciones al Plan de Distribución de Beneficios • Aclaraciones sobre el contrato a firmar con las iniciativas REDD+ y su anexo. • Aclaraciones sobre el proceso de aprobación, evaluación y certificación de los Proyectos de Iniciativas REDD+ por parte de la entidad ejecutora. • Actualización de los criterios de elegibilidad y exclusión de Proyectos • Inclusión de referencias al Marco de Gestión Ambiental y Social y otros instrumentos ambientales y sociales del Programa • Aclaraciones sobre la implementación del Mecanismo Información y Atención a Quejas	ing. Mariano Martínez BID Consultor de apoyo técnico al Programa de Reducción de Emisiones.
11:15 – 12:00	 Proceso de distribución de beneficios por hectárea para Proyectos de iniciativas REDD+ tipo: a) Mecanismos de Compensación por Sentícios Ecosistemicos y Ambientales Asociados a los Bosques y b) Modelos de manejo para la conservación y uso sostenible de los bosques en el SIGAP 	Ing. Antonio Guoron INAB Coordinador del Programa de Reducción de Emisiones
12:00 - 12:20	Presentación del "Normativo para regular y promover acciones de reducción de emisiones por deforestación y degradación evitada - REDD++ en el SIGAP, en el marco del programa de reducción de emisiones"	Representante de CONAP
12:20 - 13:00	Preguntas y respuestas	Todos
13:00 - 13:30	Almuerzo	Todos

;Siguenos!

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LISTADO DE PARTICIPANTES

Instituto Nacional de Bosques

inab

Nombre del Evento: Taller de presentación y socialización del plan de distribución de beneficios actualizados del programa de reducción de emisiones. Fecha: 13 de octubre de 2022

Ranchon

Lugar:

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Con el apoyo de: Conap. Marn. Maga. Minfin. Inab. Calmecac. Lacandón. Guatecarbon. Red Pinpep. Gremial forestal. Potenciales beneficiarios.

08:45 Hora:

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Página 1 de 4

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LISTADO DE PARTICIPANTES

Instituto Nacional de Bosques

Nombre del Evento: Taller de presentación y socialización del plan de distribución de beneficios actualizados del programa de reducción de emisiones.

Fecha: 13 de octubre de 2022 Lugar: Ranchon

Con el apoyo de: CONAP. MARN. MAGA. MINFIN. INAB. CALMECAC. LACANDÓN. GUATECARBON. RED PINPEP. GREMIAL FORESTAL. POTENCIALES BENEFICIARIOS.

Hora: 08:45

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	*Usuario												
Domicilio	Departamento / Municipio		GUATEMALA. GUATEMALA	GUATEMALA, GUATEMALA	GUATEMALA, GUATEMALA	GUATEMALA. GUATEMALA	SAN JOSË PINULA. GUATEMALA	POPTÚN, PETÉN	TOTONICAPÁN. TOTONICAPÁN	CUNÉN. QUICHÉ	PUEBLO NUEVO, SUCHITEPÉQUEZ	CHIMALTENANGO, CHIMALTENANGO	JACALTENANGO, HUEHUETENANGO
	Nombre y Apellidos		Kathya Mejia	Ligia López	Lourdes Asturias	LUIS GERARDO CALMO GÓMEZ	Luis Guillermo Ramírez Porres	Manuel Ojer González	Marco Chávez	MARIANO RODRÍGUEZ CAMAJÁ	Mario Nanclares	MARVIN CHAVAJAY	Mélany Salomé Delgado Castillo
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¡Siguenos! 🖪 🎯 🗖 💟 INAB Guatemala

Instituto Nacional de Bosques

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Nombre del Evento: Taller de presentación y socialización del plan de distribución de beneficios actualizados del programa de reducción de emisiones.

Fecha: 13 de octubre de 2022 Lugar: Ranchon

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Con el apoyo de: CONAP. MARN. MAGA. MINFIN. INAB. CALMECAC. LACANDÓN. GUATECARBON. RED PINPEP. GREMIAL FORESTAL. POTENCIALES BENEFICIARIOS. Hora: 08:45

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Contacto	Teléfono / Correo Electrónico	melanydelgado203 @gmail.com	50,595,739 / r.gomez@fundaeco. org.gt	23,743,000 /	45,055,623 / saguzmanb@gmail. com	50,576,752 / wchavez@fundaeco. org.gt	58,011,228 / yenryalx@hotmail.c om	50,501,126 / yovani.alvarado@g mail.com
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	*Usuario							
Domicilio	Departamento / Municipio		HUEHUETENANGO, HUEHUETENANGO	GUATEMALA, GUATEMALA	LA LIBERTAD, PETÉN	GUATEMALA. GUATEMALA	HUEHUETENANGO. HUEHUETENANGO	PAÚN. ESCUINTLA
	Nombre y Apellidos		Rolando Gómez Hernández	Saul Najarro	Sergio Guzman	Walter René Chávez Figueroa	Yenry Alexander López López	Yovani Alvarado

¡Síguenos! 🖪 🎯 🖸 💟 INAB Guatemala

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Pablo Lee	169335	Guatema	MAGA	x		х						х		x				
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Adan	172629	Guatema	CONAP	Х		Х						Х		x				
Tello	209160	la																
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Minor	178645	Guatema	CONSULTA	х					x			Х		x				
Garcia	141690	la	NT															
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Miriam	166154	Guatema	INAB		Х				x				Х	x				
Monterro	168010	la	BOARD															
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Carlos	253923	Guatema	CONAP	Х					x			Х		x				
Martinez	638180	la																
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Antonio	243997	Guatema	INAB	Х		Х						Х		X				
Guoron	809010	la																
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Marvin	263145	Guatema	INAB	X					X			Х		X				
Castillo	980130	la																
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Juan	189152	Guatema	INAB	х		Х						Х			Х			
Carlos	877901	la																
Ramirez	1																	

Mariano	212989	Guatema	IDB	Х				Х		х	Х			
Martinez	960101	la												
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Samuel	161624	Guatema	PINPEP	х		х				х	х			
Sirun	758040	la												
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Juana	194009	Chimalte	PINPEP		Х		х			х		Х		
Sisimit	149040	nango	NETWORK											
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Danger	160839	Guatema	INAB	х				x		х	x			
Gomez	750130	la												
	1													
Igor de la	223523	Guatema	CALMECAC	х				x		Х	Х			
Roca	391010	la												
	1													
Flor	173033	Guatema	MARN		Х			Х		Х	X			
Calderon	881110	la												
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Gustavo	315519	Guatema	FDN	X				Х		Х	Х			
Pineda	762090	la												
1	172020	Customs	ADCAC											
Jorge	172930 018703	Guatema la	ARCAS	X				Х		Х	Х			
Lucero	1	ld ld												
Marta		Guatema	CALMECAC		. v					, , , , , , , , , , , , , , , , , , ,				
Ayala		la	CALIVIECAC		X			X		X	X			
José	234901	Guatema	INAB	х				х		х	х			
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Monica	158185	Guatema	CONAP		х			Х		х				
Barillas	285010	la			^									
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Marlin	175555	Guatema	CONAP		х			Х		х		х		
George	613010	la												
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Marta	158563	Guatema	CALMECAC		Х			х			х	х		
Molina	042010	la												
	1													
Carlos	246590	Guatema	MAGA	x				х		х		x		
Godinez	548122	la												
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Angela	199998	Guatema	CONAP		Х	Х				х		x		
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José	196859	Guatema	CONAP	x				x		х		x		
Santiago	425100	la												
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Hector	204246	Guatema	MAGA	x				Х		х		Х		
Vela	901010	la												
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Photographs of the October 13, 2022 workshop.

☐ Workshop participants in person



Trainers of the Executing Unit (INAB)



ANNEX VI. TENTATIVE SCHEDULE FOR THE IMPLEMENTATION OF THE REGISTRY OF GREENHOUSE GAS REMOVAL AND REDUCTION PROJECTS

Activity	Fecha
MARN institutional approval of operating and	May 31, 2023
procedural manuals	
Governmental Agreement	June 30, 2023
Updating of registration system	September 30, 2023
Registration of ERP REDD+ Initiative Projects.	As of October 1, 2022