

Ministry of Environment and Energy



Indigenous People

Protected Wildlife Areas



Private lands

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LIST OF ABBREVIATIONS

ADI	Integral Development Associations
ADIRI	Assembly of the Association for the Integral Development of the Indigenous Reserve
AFE	State Forest Administration
AOP	Annual Operating Plans
AT	Assessment Team
BSP	Benefit Sharing Plan
BUR	Biennial Update report
CAF	Forest Bond Certificate
C	Carbon Stock
CAFMA	Forest Bond Certificates for Forest Management
CENIGA	National Center for Geo-Environmental Information
CF	Carbon Fund
CO ₂	Carbon dioxide
COP	Conference of the Parties
CREF	Contract for Emission Reductions from Forest
DCC	Climate Change Directorate
EMSS	Earth-Monitoring Satellite System
ENREDD	National REDD+ Strategy
ER	Emission Reductions
ER-PD	Emissions Reductions Program Document
ER-PIN	Project Idea Note for an Emission Reductions Program
ERP	Emissions Reduction Program
ERPA	Emission Reductions Payment Agreement
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FMT	Facility Management Team
FONAFIFO	National Forest Financing Fund
FPIC	Free, Prior, and Informed Consent
FREL/FRL	Forest Reference Emission Levels/Forest Reference Levels
FUNBAM	Environmental Bank Foundation
GGI	Greenhouse Gas Inventory
GIS	Geographic Information Systems
ha	Hectare
ICAFFE	Coffee Institute of Costa Rica
ICE	Costa Rican Institute of Electricity
IMN	National Meteorological Institute
INDER	National Institute for Rural Development
IP	Indigenous people
IPCC	Intergovernmental Panel on Climate Change

JAPDEVA	Board of Port Administration and Economic Development of the Atlantic Coast
LAICA	Agricultural Industrial Sugarcane League
MIDEPLAN	Ministry of National Planning and Economic Policy
MINAE	Ministry of Environment and Energy
MIRI	Information, Feedback and Complaints Mechanism
MOCUPP	Monitoring Land Use Change within Production Landscapes
MPPI	Indigenous Peoples Planning Framework
MPRI	Involuntary Resettlement Policy Framework
NDC	Nationally Determined Contribution
NFI	National Forest Inventory
NGGI	National Greenhouse Gas Inventory
OP	Operational Policies
PAM	Políticas, Acciones y Medidas
PES	Payment for Environmental Services
PNDF	National Forestry Development Plan
PNE	State Natural Heritage
PWA	Protected Wildlife Area
RBP	Results-Based Payment
RIBCA	Red Indígena Bri Bri-Cabecar
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable Forest Management
SIMOCUTE	National Land Use, Ecosystem, and Land Cover Monitoring System
SINAC	National System of Conservation Areas
SINAMECC	National System of Climate Change Metrics
SINIA	National Environmental Information System
SIS	Safeguards Information System
SNIT	National System of Territorial Information
SNMF	National Forest Monitoring System
TAP	Technical Advisory Panel
tCO ₂ e	Tons of Carbon Dioxide equivalent
UCIFOR	Association of forestry engineers for the Sustainable Management of Natural Resources, registered as UCIFOR
UNAFOR	National Union of Agroforestry
UNFCCC	United Nations Framework Convention on Climate Change

INTRODUCTION

Costa Rica serves as an international model in the development and application of schemes combining laws, policies and programs that have proven to be efficient, inclusive and innovative for the forestry and natural resource sector. Such actions have allowed Costa Rica to contribute to the international community with pilot initiatives, a series of designs geared not only at forest conservation, but also the diversification of farms, protection of biodiversity and sources of drinking water, reduction of greenhouse gas emissions, rural development and the participation of society.

Costa Rica has been able to maintain a large portion of its primary forests and has promoted sustainable forest management while reducing deforestation and fostering the reforestation of secondary forests and forest plantations. Much of this happened before the Conference of the Parties (COP) in Bali and Cancun in 2007 and 2010, reflecting Costa Rica's early performance in the implementation of REDD+. For the 1986-2013 period, primary forests largely remained intact. Mainly due to a fall in gross deforestation and an increase in forest regeneration, a net gain in forest cover was observed. 70% of Forest lands are converted to grasslands, a little over 20% are converted to Croplands and almost 10% to tree plantations. Land converted to Forest land was previously grassland (65%), cropland (20%) and tree plantations (20%).

The preservation of more than half of the country's forest cover has been a significant achievement. It has required significant investments from 1998 to 2011—close to 200 million dollars¹—aimed at innovative financial schemes and mechanisms such as the Forest Bond Certificate (CAF), Forest Bond Certificates for Forest Management (CAFMA) and Payment for Environmental Services (PES). In addition to these investments, Costa Rica has defined clear measures against deforestation, such as passing legislation against forest conversion and maintaining a robust system of protected wildlife areas. Today, these forests play a priceless environmental role by providing numerous social and environmental benefits and by protecting a significant part of the planet's biodiversity.

¹ Ministry of Environment and Energy. 2017. State of the Environment: Costa Rica, 2017. Chapter III: Activities and events that create pressure and impact on the Costa Rican environment. San José, Costa Rica. 713 p. (de Camino, R. (n.d.). Caracterización de las acciones tipo REDD y tempranas REDD implementadas por Costa Rica: en el período de 1986 - 2013.)

Annual gross anthropogenic deforestation in the country decreased over the 1986-2013 period. In the 1980s, deforestation was close to 50,000 ha/year; in the 1990s, it was 38,000 ha/year; after 2000, deforestation decreased to 27,000 ha/year. At the same time, forest regeneration has increased substantially. Naturally regenerated forests covered 417,000 ha in 1986, and in 2013 increased to 918,000 ha. All these achievements have been a result of planning and consensus-building processes allowing the participation of all the different stakeholders linked to forest ecosystems: from the state and its ministries, to autonomous institutions, auditors, grassroots organizations, forestry professionals, beneficiaries, and Indigenous peoples.

Costa Rica has amassed important experience from its national PES program, through which it recognizes owners of forests and forest plantations for the environmental services they provide, including the mitigation of greenhouse gases. Based on this experience, the Costa Rica REDD+ Secretariat, incorporated input from the National Forest Financing Fund (FONAFIFO), some activities with relevant stakeholders and specific provisions issued by the Government of Costa Rica (Executive Decree No. 40464 MINAE) to prepare the current Benefit Sharing Plan (BSP) document,. The BSP embodies the principles of equal opportunity, legality, transparency and justice, and foresees the resources obtained from the payment for results distributed among public and private owners proportionately to their contribution in the forest conservation process, according to various agreements and contracts.

A successful and fair negotiation of the Emission Reductions Program with the World Bank will positively impact conservation programs by extending the important financing mechanism to the PES in Costa Rica. However, said negotiation only includes the recognition of CO_{2e} emission reductions as an environmental service. Therefore, implementation will be different from that of the official PES program, in terms of the amounts, terms, conditions, selection criteria, transaction costs, and others. Moreover, the resources corresponding to other institutions that are part of the supply of ERs should ensure that the risks of deforestation and forest degradation are covered in their regular programs.

This BSP will promote green and inclusive development, favoring the application of sustainable productive systems in rural territories exhibiting lower socioeconomic development and potentially vulnerable to climate change. The BSP mainly seeks to:

- Rehabilitate rural lands and reduce degradation processes to generate ecosystem services and improve rural incomes and economies of small and medium producers.

- Increase the productivity and competitiveness of agricultural production and strengthen value chains to increase the monetary value of land, depending on their environmental goods and services.
- Promote greater resilience of rural lands and an improvement in green infrastructure through activities that promote mitigation and adaptation of forest ecosystems to climate change.

It is necessary to indicate that, although figures and percentages presented are rigorous and consistent, they may vary once the process of implementing the Program has advanced.

EMISSION REDUCTIONS PROGRAM

In 2012 Costa Rica submitted the Project Idea Note for an Emission Reductions Program (ER-PIN), which was approved by the Fund's Donor Committee to advance the Program proposal. With this approval, a Letter of Intent was signed on June 14, 2016 in which the Carbon Fund committed itself to buying up to 12 million tons of carbon dioxide equivalent (tCO₂e) from the country or up to US\$ 60 million, for a given period, while the country prepares an Emissions Reductions Program Document (ER-PD) to present before the Carbon Fund Participants.

Costa Rica presented the final ER-PD to the Facility Management Team (FMT) on May 24, 2016. The Carbon Fund Participants decided to unconditionally include the Costa Rican ER-PD in the portfolio of both Tranche A and Tranche B of the Carbon Fund on December 29, 2019. In order to proceed with the signing of the Agreement on the purchase and sale of CO₂e emission reductions, due diligence consisting of a World Bank review process was then carried out to assess a series of activities the country must fulfill to be subject to the purchase.

With the approval of the ER-PD, Costa Rica's Emissions Reduction Program (ERP) gives the country an additional opportunity to bring in new resources that allow it to expand actions in the pursuit of achieving a low carbon economy in a resilient and nationally adapted environment. Additionally, the ERP is key to advancing Carbon Neutrality, the Decarbonization of the Economy, and the fulfillment of Costa Rica's Nationally Determined Contribution (NDC).

The ERP focuses on increasing the impact of public policies that have been successful over the last 20 years of the implementation of Forest Law No. 7575. The ERP is largely based on the prohibition of converting forests to other land uses, but also seeks to strengthen the National System of Conservation Areas to ensure the conservation of critical biodiversity and the control and management of natural resources; to implement and improve the Payment for Environmental

Services (PES) program as a policy instrument that guarantees the survival of private forests and prevents the gradual deforestation and degradation of forest areas, as well as other financial mechanisms; and promote the conservation and improvement of carbon stock (C) through the natural regeneration of pastures, sustainable forest management, reforestation, tree plantations, agroforestry, and silvo-pastoral systems.

2.1 ACCOUNTING AREA

The ERP's accounting area includes the country's continental territory (5,133,939.50 ha), excluding Cocos Island (238,500 ha), a World Heritage site 532 km off the Pacific coast of Costa Rica. Cocos Island is only inhabited by park rangers and is not subject to anthropogenic intervention. The island is also very far from the continental territory of Costa Rica, and is therefore not prone to displacements of forest emission or leakage caused by REDD+ activities in Costa Rica².

Forest cover in the accounting area represented 61 percent of the national territory³ in 2013. Forest land tenure can be one of three types: (1) public domain, (2) private domain registered under the name of public or private persons, or (3) collective land rights in indigenous territories and unregistered private land. Public lands include Protected Wildlife Areas and land held by public institutions, such as the National Institute for Rural Development (INDER), the Board of Port Administration and Economic Development of the Atlantic Coast (JAPDEVA), the Costa Rican Institute of Electricity (ICE), among others.

2.2 IMPLEMENTATION PERIOD

This ERP has an implementation period for REDD+ activities that starts towards the end of 2017 and comes to a close in 2024. This period shall cover the time in which Costa Rica will execute commercial agreements with the Carbon Fund for the delivery of Emission Reductions (ERs) in tCO_{2e} based on monitoring events according to the amounts agreed in the Emission Reductions Payment Agreement (ERPA).

² The detailed description of the accounting area can be found in section 3.1 of the Costa Rican ERPD (https://forestcarbonpartnership.org/system/files/documents/Costa%20Rica%20ERPD%20EN_Oct24-2018_clean.pdf)

³ Historical series of land use and coverage in Costa Rica, map 2013 (MC13) (Agresta, 2015).

2.3 FINANCING

Only a subset of the measures proposed in the National REDD+ Strategy is included in the ERP (see Figure 1). The National Strategy is a broader effort that strives for a forestry sector that contributes to the reduction of greenhouse gas emissions in the country optimally. The Forest Carbon Partnership Facility (FCPF) has been identified as one of the various possibilities for financing the Strategy; since the creation of the National Strategy, and even motivated by it, an ERP was developed with the FCPF.

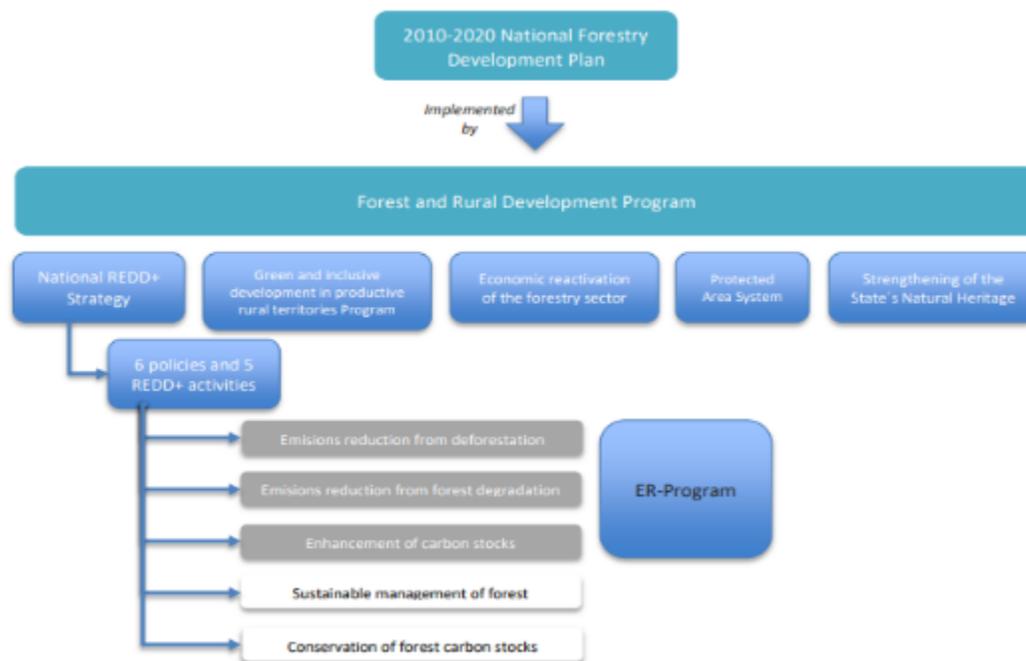


Figure 1: Relationship of the Emissions Reduction Program with the FCPF Carbon Fund and the National REDD+ Strategy.

(Activities in gray are included in the ER Program. Additional activities may be included in later phases.)

Of the 47 measures that make up the National REDD+ Strategy Implementation Plan, 23 meet the following criteria that are used to select REDD measures included in the ER-Program:

- i. All are implemented by the two entities that make up Costa Rica's REDD+ Secretariat, namely the National System of Conservation Areas (SINAC) and the National Forestry Financing Fund (FONAFIFO). Articles 5 and 7 of Executive Decree N.40464-MINAE establish that the capacity and responsibility for coordinating and executing the different phases of the Strategy falls on both institutions, by means of the REDD+ Executive Secretariat created by the Decree.

- ii. All are directly associated with emission reductions in the forestry sector in the short-term and are related to commitments assumed by the country in a potential ER sale.

The REDD+ Secretariat will incorporate these measures in the National System of Climate Change Metrics (SINAMECC) to comply with the national provisions for registering emission reductions from the country’s different sectors.

Annex 1 lists the detailed budget of the ERP. The budget amounts to US\$ 74,283,018. The available funding is up to US \$60 million (according to the LOI), and altogether with other funding sources, the ERP has a funding gap of US\$ 7,622,406.

The REDD+ RBP Project is expected to cover 79% of the ERP’s financing gap. The country has submitted a financing proposal to the Green Climate Fund for REDD+ results-based payments for ERs produced during the 2014-2015 period (REDD+ RBP Project). The United Nations Development Programme (accredited entity) has developed this financing proposal in close consultation with the Ministry of Environment and Energy (relevant designated national authority) and FONAFIFO (REDD+ focal point). The proposed program is fully in line with Costa Rica’s National REDD+ Strategy.

Table 1 highlights the direct relationship between project outputs and activities, the policies and measures identified in the National REDD+ Strategy and the ERP’s budget gap.

Table 1. Support provided by the REDD+ RBP Project to the national REDD+ Strategy⁴

REDD+ National Action Plan Policies and Measures	Funding Gap (US\$)	Products and activities of the REDD+ RBP Project
POLICY 2. Strengthen WPAs and programs for prevention and control of changes in land use and fires	273,364	Product 2 - Fighting forest fires Activity 2.1. Forest Fire Prevention
POLICY 3. Incentives for forest conservation and sustainable forest management	5,254,520	Product 1, Payment for Environmental Services (PES) Activity 1.1. Strengthening the Payment for Environmental Services Program in all its existing modalities.
POLICY 5. Promoting the participation of indigenous peoples.	468,363	Product 1, Payment for Environmental Services (PES) Activity 1.2. Special payment for environmental services in indigenous territories
TOTAL	5,996,247	

⁴ Source: Section C.2.1. Table 16 of the Ministry of Environment and Energy. 2020. National REDD+ Results-Based Payments for 2014-2015. Costa Rica. 38 pp.

2.4 EMISSION REDUCTIONS POTENTIAL

Costa Rica is fostering actions that will help it transfer a total of 12.0 million tCO_{2e} ERs to the FCPF over a period of seven years (2018-2024). The amount of ERs per reporting period is as follows:

- i. Retroactive Period (January 1, 2018⁶ - December 31, 2019): 3.4 million tCO_{2e}
- ii. First period (January 1, 2020 - December 31, 2021): 3.4 million tCO_{2e}
- iii. Second period (January 1, 2022 - December 31, 2024⁷): 5.2 million tCO_{2e}

Application of safeguards for the retroactive period: The Environmental and Social Management Framework (ESMF) applies to all activities related to the implementation measures included in the ERP during the implementation period (2018-2024). The ESMF is applicable not only in the period after the ERPA is signed, but also for a retroactive period (2018-2019) in which the activities of the Implementation Plans had been carried out according to the guidelines and procedures included in the instrument. Information on compliance with the safeguards for the retroactive period will be systematized and reported by FONAFIFO, and its compliance will be verified by the World Bank as per the ESMF.

2.5 ADDRESSING THE DRIVERS OF DEFORESTATION AND DEGRADATION AND CONSISTENCY WITH BSP ARRANGEMENTS

Through this BSP, monetary benefits will be distributed among the different stakeholders participating in the implementation of REDD+ actions at the local level. Three types of stakeholders are involved in the implementation of the measures included in the ERP: i. Public institutions, ii. Private forest landowners, and iii. Indigenous peoples.

Annex 2 demonstrates the consistency of REDD+ measures to address drivers of deforestation and degradation; any forest landowner, including Indigenous peoples may directly participate in the implementation of these measures. Annex 2 in the National REDD+ Strategy Implementation Plan provides a detailed analysis of the link between the rest of the measures included in the ERP

⁵ FCPF Carbon Fund ERPA, Costa Rica term sheet version of Nov 21st, 2019.

⁶ Date of unconditional approval of ER-PD of Costa Rica.

⁷ Last date for the end of the Final Reporting Period to allow sufficient time for ER monitoring, verification, transfer and payment before December 31, 2025.

that will be implemented by FONAFIFO and SINAC to the drivers of deforestation and degradation⁸.

3. BENEFIT SHARING PLAN CONSULTATION AND DISSEMINATION

The consultation and dissemination of this Benefit Sharing Plan (BSP) with different stakeholder groups are preceded by a participatory process coordinated by the Secretariat during the design of the National REDD+ Strategy (ENREDD).

Relevant stakeholders were mapped during the Strategic Environmental and Social Assessment (SESA) in 2010. However, during the reporting process for the preparation of the Strategy, the REDD+ Secretariat carried out a more refined identification process in 2013 to establish a map of stakeholders for ENREDD. Relevant stakeholders identified in the Benefit Sharing Plan were further clarified when developing the Emission Reductions Program (ERP) based on the guidelines in the Methodological Framework.

It is also important to note that the risks or potentially adverse environmental and social impacts (and corresponding mitigation measures) associated with the implementation of ERP activities and this BSP were duly analyzed and communicated to stakeholders during the development of the Environmental and Social Management Framework (ESMF⁹).

The REDD+ Secretariat has disseminated the BSP. The process began with the “Workshop to Identify Elements for the Basis of the REDD+ Benefit Sharing Plan” in April 2016¹⁰, which also collected feedback from relevant stakeholders. It is important to highlight the ample participation of women in the BSP workshop (65 percent of participants), as well as in the process of developing ENREDD, the SESA, and the ESMF.

Moreover, after consulting the relevant stakeholders the Government of Costa Rica published Executive Decree 40464-MINAE¹¹ in July 2017. The reactions to the consulted version of the

⁸ http://reddcr.go.cr/sites/default/files/centro-de-documentacion/plan_de_implementacion_enreddcr_v3.pdf

⁹ The final version of the ESMF can be accessed through this link:

<https://drive.google.com/open?id=1meNYca1EHmu2zE2Kff-z4LYgLzRvqQcC>.

¹⁰ The topics discussed in the “Workshop to Identify Elements for the Basis of the REDD+ Benefit Sharing Plan” can be found at the following link:

<https://drive.google.com/open?id=1-OuzNdHVGu0UXAoJAIA70D78qKiyz8EN>.

¹¹ Executive decree number 40464-MINAE can be accessed in the following link:

<https://drive.google.com/open?id=1J7qZf7NrHII45P8BOT-ijUsnwK1xpN4n>.

Decree by non government stakeholders, NGOs (Fundecor and UCIFOR), Indigenous Peoples (Red Indígena Bri Bri-Cabecar - RIBCA), and government institutions (Climate Change Directorate - DCC) may be found in the following link:

https://drive.google.com/open?id=1AzmZNg-44-RsHtoK_7Hvj6mUm5JkWubP.

Article 15 of Executive Decree 40464-MINAE provides the general guidelines for the REDD+ Benefit Sharing System. Based on these guidelines, in 2018 the REDD+ Secretariat prepared the first version of the BSP, which was shared with relevant stakeholders via email on two occasions (see Annex 4). The REDD+ Secretariat also posted the BSP document on its website for a month to ascertain the positions of relevant stakeholders.

In addition to above, the following information and consultation meetings were held with each of the different groups of Emission Reductions (ERs) owners. Table 2 presents information and communication activities directly related to the BSP, including the details of the date of the activity, participating stakeholders, and recommendations provided. In addition to these activities, others were developed with the aim of informing and consulting on other aspects of the Program.

Table 2: BSP consultation activities¹²

Date	Activity	Stakeholder Group	Recommendations
September 26, 2013	03-2013. REDD+ Executive Committee Session. Presentation of the SESA Work Plan and stakeholder map	REDD+ Executive Committee, Executive Decree No. 37352 Includes representatives from: - Small forest producers - Wood industries - National banking system - Indigenous peoples - Ministry of Agriculture and Livestock - Ministry of Environment and Energy - Civil society, including owners of overused land Number of Individuals: 10 (4 Women, 6 Men)	Agreement to include sustainable forest management as an activity that generates non-carbon benefits. Likewise, this was discussed in terms of the SESA Work Plan presented to the Executive Committee and described in point 8 to give relevance to sustainable forest management.
February 18, 2014	02-2014. REDD+ Executive Committee Session. Article No. 5, Agreement 9: Review of the Report requested by the	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 10 (4 Women, 6 Men)	Executive Committee Work Plan: The benefit sharing system will be based on the Indigenous PES and shall be differentiated from the regular PES.

¹² All consultation/communication activities involved the distribution of benefits. Participants included representatives appointed by the institutions, community leaders, and representatives of the Boards of Directors of Indigenous Peoples.

Date	Activity	Stakeholder Group	Recommendations
	Committee and review of the preliminary Work Plan Proposal		
March 18, 2014	03-2014. Article No. 5: Review of the Work Plan and the schedule of activities established by decree of the REDD+ Executive Committee	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 14 (Women: 7, Men: 7)	The final Indigenous PES and Farmer PES proposals should be reviewed, as well as the adjustments for carbon outside the PES.
July 4, 2014	Exploratory Workshop on the limitations of the current PES scheme for the inclusive participation of the Farming Sector in the National REDD+ Strategy	Farming Sector National Union of Agroforestry - UNAFOR representatives Number of Individuals: 11 (Women: 4, Men: 7)	Identify the limitations of the Farmer PES.
July 15, 2014	06-2014. REDD+ Executive Committee Session. Review of final Indigenous PES and Farmer PES proposals, as well as adjustments	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 19 (Women: 7, Men: 12)	Presentation of the main contents and results of the Farmer PES workshop from July 4, with the objective of analyzing the problems of the PES program for small forest producers and finding recommendations to improve it.
November 18, 2014	09-2014. REDD+ Executive Committee Session. Presentation of a draft decree for REDD+ implementation	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 13 (Women: 5, Men:8)	Agreement to hold an extraordinary session in January 2015, with the sole purpose of analyzing the content of the amendment to the decree.
April 27, 2016	Identification of elements for the basis of the REDD+ benefit sharing mechanism	REDD+ Secretariat Small farmer producers International NGOs Number of individuals: 20 (Women: 13, Men 7)	Notes taken by the Secretariat. Information included in the first proposal of Section 15 of the ERPD (18-09-2015).
Second half of 2015	Consultation of the REDD+ National Strategy document	National Forest Office Number of Individuals: 6 (Women:1, Men: 5)	Proposals to improve Costa Rica's National REDD+ Strategy and its preparation package. Relevant Non-Government Stakeholders (PIR-NG).
May 19, 2015	03-2015 REDD+ Executive Committee Session. Point 6 of the Agenda. World Bank Mission Report	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 6 (Women: 3, Men: 3)	The REDD+ Secretariat commented that the Government shall be responsible for establishing the benefit-sharing structure. All payments shall respond to a reduction in emissions.

Date	Activity	Stakeholder Group	Recommendations
			The representative of the Ministry of Agriculture and Livestock considers it important for the Executive Committee to take part in the definition of the criteria taken into account for the distribution of resources and how they will be distributed.
August 18, 2015	05-2015 REDD+ Executive Committee.	REDD+ Secretariat REDD+ Executive Committee Number of Individuals: 6 (Women: 1, Men: 5)	The representative of the Indigenous peoples stated that there should be more follow-up on Indigenous issues in the Benefit Sharing Plan, as they will be under collective use. Communication with the indigenous peoples should be maintained to explain that their forest will not be negotiated.
September 10, 2015	Special session of the REDD+ Executive Committee with the World Bank	REDD+ Secretariat REDD+ Executive Committee World Bank representatives Number of individuals: 13 (Women: 4, Men: 9)	It is mentioned that the only relevant stakeholder to have negotiated the benefit sharing mechanism are Indigenous peoples under the Indigenous PES. The small producers representative expressed that the new decree must negotiate the benefit sharing mechanism of the Farmer PES.
September 29, 2015	REDD+ Executive Committee Session, extended. Defining the Work Plan for the feedback process on the REDD+ Strategy, as well as the participation of relevant stakeholders in said process and next steps	REDD+ Secretariat REDD+ Executive Committee Miscellaneous Number of Individuals: 22 (Women: 8, Men: 14)	Discussion of specific REDD+ topics and the identification of work dates to further discuss the topics. These include the benefit sharing mechanism.
First quarter, 2017	Consultation on the Decree for REDD+ Implementation	REDD+ Secretariat MINAE Disseminated for comments through MINAE's web page	The decree was submitted for consultation MINAE's website for one month. Comments from relevant stakeholders were also received. https://drive.google.com/open?id=1AzmZNg-44-RsHtoK_7Hvj6mUm5JkWubP
July 15, 2019	Workshop with Leaders and Integral Development Associations ¹³ (ADIs) of Indigenous Territories	24 Indigenous Territories REDD+ Secretariat Number of Individuals: 66 (Women: 18, Men: 48)	Consultation and dissemination of the proposed BSP draft to be sent to the World Bank. In this workshop, it was agreed that the REDD+ Secretariat will contact the ADIs of the territories to submit the advanced draft of the BSP, and that each territory will decide whether to participate in said Plan. The list of participants and the minutes of the BSP consultation and dissemination workshop with

¹³ ADI's are official government bodies that, by law, "represent" and govern each indigenous territory.

Date	Activity	Stakeholder Group	Recommendations
			<p>Indigenous peoples can be accessed via the following links:</p> <p>https://drive.google.com/open?id=1y6TPWLXCPNR1Y8pyj4VjO-limuHujg3d</p> <p>https://drive.google.com/open?id=1_89OaaqA2-I7IT2U0mo0aFcS70GOQ-I3</p>
July 22, 2019	REDD+ Steering Committee Session, extended.	<p>Steering Committee REDD+ Secretariat SINAC – FONAFIFO</p> <p>Number of Individuals: 21 (Women: 11, Men: 10)</p>	<p>The preliminary BSP document was consulted with FONAFIFO and SINAC. A week-long window was open for comments. The participants, topics, and agreements can be reviewed in meeting report No. 3-2019, which can be accessed via the following link:</p> <p>https://drive.google.com/open?id=163m-BQevqMHI1uPEsvgxw1_-s-BsplU1</p>
July 31, 2019	Monitoring Committee Session	<p>Forest land smallholders, NGOs, Indigenous peoples and members of academia</p> <p>Number of Individuals: 10 (Women: 3, Men: 7)</p>	<p>The progress on the ERPA with the FC was reported, including the issue of the Benefit Sharing Plan. After this meeting, the BSP document was shared with the members of the committee. The participants, topics and agreements taken can be reviewed in meeting report No. 2-2019, which can be accessed via the following link:</p> <p>https://drive.google.com/open?id=1lihcURFIbzhuOunp1ibQcd9QRN7WuUS0</p>



Meeting disseminating the proposed Benefit Sharing Plan with the leaders of the 24 Indigenous territories on July 15, 2019, in order to receive feedback on it.

Table 3: Information and communication activities of the Program not directly related with the BSP

YEAR	INFORMATION AND CONSULTATION MEETINGS	PARTICIPANTS	MEN	WOMEN
2017	22	476	271	205
2018	17	413	166	247
2019	31	474	267	207
TOTAL	70	1363	704 (51%)	659 (49%)

Table 4 contains a proposed schedule of activities. Once the advanced draft of the BSP is available, the respective dissemination and consultation will be carried out with the different groups of ER owners: a. Indigenous peoples, b. state institutions and c. private owners of forest land.

Table 4: Schedule of events to disseminate the advanced draft of the BSP¹²

Stakeholder	Suggested date	Number of consultations	Estimated Number of participants
Indigenous peoples	October 2020	Maximum 2	250
State institutions	September 2020	Maximum 2	100
State institutions (municipalities)	September- November 2020	Maximum 4	250
Private owners	September 2020	Maximum 2	200
Private Owners (UNAFOR members)	October-November 2020	Maximum 6	100
Estimated total		16	900

The workshops with relevant stakeholders will cover the topic of income from the sale of ERs, who benefits, what types of benefits are generated, the proposal for the distribution of benefits and the actions to be taken by public institutions with the resources claimed.

The advanced version of the BSP will be consulted with Indigenous peoples using the procedure established in the General Mechanism for Consultation with Indigenous Peoples (Articles 21 and 22). To this end, the advanced draft of the BSP will be submitted to the Territorial Body or its delegated organization with supporting documentation of the consultation process carried out in

the context of developing the National REDD+ Strategy, which in its authority granted by the Mechanism shall decide on the procedure for approval.

It will be ensured that all the information and consultation activities related to the BSP and the Program are done in a form, manner and language understandable to the affected/interested ERP stakeholders in one or more convenient public locations and through an accessible means for them.

The forthcoming consultations include all stakeholders. In the case of Indigenous peoples, workshops and meetings with representative Associations will be held to present and discuss the final approval process for the Indigenous Peoples section in the National Forest Development Plan, as well as the methodological development of the Forest Environmental Plans, and the advanced draft of the BSP. With regard to other stakeholders, workshops and regional meetings will be held in order to present the advanced draft of the BSP once the guarantee by the World Bank is obtained.

The website will also be used, as well as announcements in platforms and social networks and other means to that end.

4. LEGAL CONTEXT OF BENEFIT SHARING

This Benefit Sharing Plan was designed on the basis of the land tenure regime of Costa Rica and the legal infrastructure providing for the recognition of ownership, including that of Emission Reductions (ER).

4.1 LAND TENURE REGIMES IN COSTA RICA

Costa Rica has the following land tenure regimes:

- a) Private land rights, referring to the right of ownership or possession and other derived rights of use, such as usufruct, leasing, and sharecropping;
- b) Rights over state-owned land, which are transferred to public sector institutions; and
- c) Collective land rights, which are those existing in Indigenous territories.

4.1.1 PRIVATE LAND RIGHTS

In Costa Rica, the right to property is enshrined at the constitutional level in Article 45, which establishes that property is inviolable. This right is of the utmost importance in society, because

it allows for legal certainty regarding the ownership of assets by the people living in the territory. This right is widely developed in the Civil Code. Property rights can be registered in the National Registry or they can be unregistered, in which case they are known as a possession. These assets are regulated by the rules of civil law.

4.1.2 STATE LAND RIGHTS

It should be noted that other laws have given the State ownership over a series of assets and control functions over them, including National Parks Law No. 6804 8/24/1977, Forest Law No. 7575 2/13/1996, the Biodiversity Law No. 7788 5/27/1998, and Wildlife Conservation Law No. 7317 12/7/1992. Each set forth that part of the country's forest resources makes up State Natural Heritage (PNE), provided those lands have been purchased by the State or expropriated in accordance with the law.

PNE was created by Forest Law N° 7575, and is managed by the Ministry of the Environment and Energy (MINAE). It consists of: a) the forests and forest lands in the national reserves, b) areas declared inalienable, c) farms registered in their name and those belonging to d) municipalities, e) autonomous institutions, and f) other Public Administration bodies, except properties that guarantee credit operations with the National Banking System and become part of its assets.

4.1.3 COLLECTIVE LAND RIGHTS

In Costa Rica, Indigenous property is of a different nature from the above, since it concerns the collective rights of the Indigenous population, represented by the corresponding Integral Development Association (ADI). This is based on the Law on Barren Land, Law No. 13 1/10/1939, the purpose of which was to ensure the exclusive use of such land by indigenous people. Subsequently, Indigenous Law No. 6 172 11/29/1977 was issued, which stipulated that Indigenous Reserves are owned by Indigenous communities, inalienable and indefeasible, and must be registered in the National Registry in their own name, and status could not be diminished except by law.

4.2 OWNERSHIP OF EMISSIONS REDUCTIONS

The legal framework of Costa Rica establishes that stakeholders that can receive benefits from the sale of ERs are the legal owners of the land, as well as those who have collective rights. Article 11 of Executive Decree No. 40 464-MINAE establishes that ERs may come from i) private lands, whether registered or not, over which there is a Payment for Environmental Services (PES)

agreement or some type of contract that enables the State to carry out the negotiation; ii) lands administered by the State, that are State Natural Heritage (PNE) within or outside of Protected Wildlife Areas (PWA), purchased or expropriated, or so determined by express legal regulation; and iii) Indigenous territories, whose holders are the Integral Development Associations (ADI). In this way, it is hoped that tenure or ownership of Emission Reductions will be diverse, accessible to all that have tenure of forests and the trees that are part of them.

Carbon dioxide (CO₂) is a gas found in the planet's atmosphere that is essential for plants to carry out photosynthesis, ensuring the transportation of nutrients and energy vital to growth. Therefore, it cannot be owned by any person, company or country, unless the legislation so provides. Costa Rica's legal system does not address any property rights over carbon explicitly. In the case of Costa Rica, it is important to clarify that the Political Constitution and the laws issued on these type of resources do not refer to ownership of this element¹⁴. Instead, the property rights of private landowners are derived from elements of the Civil Code¹⁵, specifically in matters related to assets and ownership and specified in Articles 253, 254, 255, 261, 264, 505, and 506¹⁶.

The regulations make it clear that the property owners, given their status as such, enjoy the following attributes of tenure: rights of possession, usufruct, transformation and disposal, defense and exclusion, and restoration and compensation. Consequently, they can fully enjoy the assets they own, which means that they can "decide what to do or refrain from doing" on their property with regards to the forest. In this sense, the owner of the land shall also be the owner of the carbon

¹⁴ Bustillos Lemaire, Rosa. Titularidad de las acciones de mitigación de gases de efecto invernadero, derivadas de acciones forestales, sean éstas acción público o privadas, FONAFIFO, 2015, págs. 4-6.

¹⁵ FAO. (2011). The role of forests in mitigating climate change and adaptation in Situation of the World's Forests. In FAO. <https://doi.org/9253045906>

¹⁶ Article 253: There is real property by nature.

Article 254: Real property by nature is: land, buildings and other constructions that are adhered to the soil, as well as plants, while they are attached to the land, and the fruits growing on those plants.

Article 255 states that, among others, everything that is attached to the land, or attached to buildings and constructions in a fixed and permanent manner is immovable property by law.

Article 261 states that, by law, public things are permanently aimed at any service of general use, of which everyone can take advantage. Everything else is considered private and subject to particular property. These public things are outside the trade of men. This article derives from the provision included in article 45 of the Political Constitution, which determines the limits of the State's actions in relation to private assets.

Article 264: Legislators determine the scope and attributes of such assets. In this line, it is stated that: "Freehold or full ownership over a thing includes the rights of: 1. Possession, 2. Usufruct, 4. Transformation and disposal, 5. Defense and exclusion, 5. Restoration and compensation."

Article 505 notes that the right of ownership is not limited to the surface of the land, but extends by means of accession to what is on the surface, allowing for buildings and plantations and their benefits.

Article 506 adds that: "Any planting, growing or work done on land is presumed to be done by the owner and belonging to them, if not proven otherwise."

that is sequestered in it. In other words, the carbon stocks and the action of sequestration and storage in forests give rise to a right of ownership or control for property owners; as such, they may exercise these rights as set out in Article 264 of the Civil Code¹⁷. Conversely, if a legal public or private subject does not own the property and its forest, they do not own the ERs caused by it; even more, they do not own the stored carbon.

It is important to point out that Costa Rica recognizes unregistered ownership rights, which are regulated in the Civil Code and the Law on Possessory Information, No. 139 of 7/14/1941. These laws establish the possibility that a person complying with the listed requirements may formalize their ownership rights and register it in the Real Estate Registry. Likewise, Law No. 8640, Article 9 6/5/2008, "*Approval of loan Agreement No. 7388-CR and its annexes between the Republic of Costa Rica and the International Bank for Reconstruction and Development (IBRD)*" considers the possibility that holders of unregistered land can receive the payment for environmental services, listing a series of requirements related to documentation, declaration by neighbors, and inspections by the State.

However, it is important to mention that, based on the experience from the PES Program, most of the national territory is constituted by public or private property registered in the National Registry. These properties also have the guarantee of public registration provided by the National Registry as a tool of protection against any third party.

According to the above, the emissions reduced by avoiding the deforestation or degradation of forests through the implementation of sustainable forest management, conservation, and enhancement of forest carbon stocks will be carried out by owners of forest ecosystems with trees that are real estate by means of accession. They shall also be the owners of the carbon found therein. Therefore, it is these forest landowners who must be recognized or paid, both for past, present, and future projects. If, on the contrary, the land is owned by the State, the payment is to the State itself, since for legal purposes, the State is also considered the owner and holder of the rights of use, enjoyment, and disposal. The State shall be the one to decide how to invest those resources¹⁸.

¹⁷ Bustillos Lemaire, Rosa. Op. Cit. pg. 8 and 9.

¹⁸ Soto Monteverde, Francisca Andrea. Análisis de la Titularidad de los derechos de propiedad emanados de la captura de carbono por bosques en el marco REDD+, pág. 77 y 129.

For this BSP, the ER contribution of each owner will be based on the share of the total forest land area under their ownership or management. The owners of emission reductions identified in the ER Program are:

- a. **Public Owners:** Institutions with forests or with potential to reduce emissions that are eligible to participate in monetary and non-monetary benefits. These include
 - i. **National System of Conservation Areas (SINAC):** Manages areas or land with forest cover or potential to reduce forest emissions within Protected Wildlife Areas (PWA).
 - ii. **Other institutions administering State National Heritage (PNE):** These public institutions (e.g., JAPDEVA, ICE, Local Governments) administer lands that have not been assigned to SINAC because it does not have the capacity to manage them.
 - iii. **National Forestry Financing Fund (FONAFIFO) carbon rights of Payment for Environmental Services (PES):** Through contracts private land owners with forest cover or with potential to reduce emissions assign the rights of environmental services to the State, in exchange for payment or recognition according to the modality in which they participate (as individuals, legal entities, Forest Owners Organizations, and Indigenous peoples).
- b. **Private owners.** Land owners with forests or with potential to reduce emissions that are eligible to participate in monetary and non-monetary benefits. These include:
 - i. **Forest Owners members of Organizations:** individuals forest owners that are members of NGOs, such as Fundecor, CODEFORSA, ASIREA, COOPEAGRI and others, and are not currently in the PES program.
 - ii. **Private Reserve Owners :** Network of Private Reserves (RCRN spanish acronym) is an organization that is dedicated to the private protection of forests.
 - iii. **Individual forest landowners:** Private land owners with forest cover or with potential to reduce emissions and are not currently in the PES program.
 - iv. **Indigenous peoples:** Owners of communal or collective land with forest cover or with potential to reduce emissions that are not in any environmental services recognition program or emission reductions project.

Table 5 shows a preliminary estimate of the proportion of forest under each type of ER owner. The percentage estimates could change throughout the ERPA depending on land area under management.

Table 5: Types of ER owners and preliminary estimate of the percent participation in the generation of Emission Reductions in the Carbon Fund ERP.

Type of Owner	ER Owner	Forest Area (ha)	%	Information Source/Notes
a. Public owners	a.i.SINAC	678,735	21%	Inventory of Protected Wildlife Areas, State Natural Heritage - SINAC ¹⁹
	a.ii.PNE owned by other Institutions	25,000	1%	Forest lands of JAPDEVA, ICE, Local Governments, others. Lands managed by public institutions that have not been assigned to SINAC, because it does not have the capacity to manage them and therefore they are kept in the name of other institutions
	a.iii. FONAFIFO carbon rights of Payment for Environmental Services (PES):	400,000	13%	PES agreements with assignment of current environmental services rights - FONAFIFO ²⁰
b.Private owners	b.i.Forest Owners members of NGOs	50,000	2%	Information of Individual members of NGOs such as Fundecor, CODEFORSA, ASIREA, COOPEAGRI and others. People who are associated with an organization and who are not currently in the PSA program.
	b.ii. Private Reserve Owners	25,000	1%	Network of Private Reserves
	b.iii. Individual forest landowners	390,000	12%	FONAFIFO database. For 2017, FONAFIFO had an oversupply of farms not covered by the PES, on 65,000 hectares. The PES covers 20% of national forests.
	b.iv.Indigenous People	170,000	5%	Estimates in amount of forest in indigenous territories ²¹ .
c. Other individuals or groups of Forest landowners or non-owners that are not included in any of the previous categories		1,422,602	45%	Forest area resulting from the difference between the area with identified owners and the total forest according to LULC map 2013. These individuals or groups may be eligible to receive benefits from the ER program through the Green Business Fund, the Inclusive Sustainable Development Fund, or the SINAC Strengthening Plan. (See section 5.3). This group may include existing PES participants, those opting not to participate in the ERP or do not meet the title of ER transfer requirements. This may include individuals or groups who have activities that promote emission reductions or contribute to activities against climate change, but who are not recognized or made visible for different reasons (areas of less than 1 ha, other sectors outside LULUCF, property titles, financial capacity etc.). These beneficiaries are ineligible for the CREF mechanism. Accordingly the ERP assumes a transfer rate of 55% (excluding the 45% of ERs potentially generated on these Forest lands).
Total Forest Area		3,161,337	100%	

¹⁹ In the process of reviewing the area purchased or expropriated by SINAC

²⁰ This information is subject to change according to the number of agreements in force. Data source, Control and Monitoring, FONAFIFO-2019

²¹ Data source, Control and Monitoring, FONAFIFO-2019.

4.3 ABILITY OF THE STATE TO NEGOTIATE THE PAYMENT OF EMISSIONS REDUCTIONS

Pursuant to Law No. 7788, Law on Biodiversity of 4/8/2008 and its Regulations, Executive Decree No. 34433-MINAE and its amendments, the Minister of Environment and Energy, in the exercise of his authority over the natural resources sector, has the legal capacity to commit the National System of Conservation Areas (SINAC), the National Forestry Financing Fund (FONAFIFO), and the Government of Costa Rica to an emission reductions transaction under international legal instruments derived from the implementation of the United Nations Framework Convention on Climate Change (UNFCCC), its protocols, and the agreements of the Conferences of the Parties (COP), within which the REDD+ program is framed. The Minister of Environment and Energy is the president of both FONAFIFO and the National Council of Conservation Areas, which is the highest hierarchical body of SINAC.

The authority described above is also based on Forest Law No. 7575, specifically Articles 46 and 47, as well as regulatory provisions, and Executive Decree No. 40464 –MINAE, which is the Regulation for the Execution of the National REDD+ Strategy. The Executive Decree, under Article 5, establishes the authority for the execution of the REDD+ Strategy, with the State Forest Administration (AFE) through FONAFIFO and SINAC responsible. This is in accordance with the power and authority granted by law to each of these bodies, so that through this regulation, the State as head of the AFE has the legitimacy to carry out the negotiation of ERs, provided it obtains the transfer of the rights to those respective reductions that are not on its property.

Article 11 of the same Decree clearly states that the Government of Costa Rica, through SINAC and FONAFIFO, can commercialize carbon credits from greenhouse gas emission reductions or mitigation actions derived from afforestation or reforestation processes, provided it has signed agreements with private landowners giving them the authority to sell ERs on their behalf. Furthermore, SINAC and FONAFIFO may issue titles, certificates, or any other mechanism representing tons of emissions. However, in order to legitimize the brokerage, i.e. for the State to be able to negotiate and sell the ERs produced by forests that are not owned by the State, it shall, in the first case, sign an agreement with these institutions and in the second case, sign an agreement.

4.4 REGULATORY FRAMEWORK REGARDING ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Costa Rica has a robust environmental and social regulatory framework regarding the formulation and implementation of programs and projects, as well as significant experience in the application of the World Bank's Operational Policies (OP) from the implementation of other operations, i.e. Ecomercados I and II Projects. The formulation of the Emission Reductions Program (ERP) includes the development of an Environmental and Social Management Framework (ESMF), which includes a gap analysis between the requirements of the World Bank OP and the current local regulatory framework. This analysis examined the alignment of both frameworks, identifying some specific gaps regarding OP 4.12 (Involuntary Resettlement) and OP 4.10 (Indigenous Peoples). The identified gaps relate to the criteria for receiving and calculating compensation in cases of involuntary resettlement, and the requirement to develop plans for Involuntary Resettlement and Indigenous Peoples. In order to cover both gaps, the ERP developed an Involuntary Resettlement Policy Framework (MPRI) and an Indigenous Peoples Planning Frameworks (MPPI) which are aligned with the World Bank OP, and will guide the management of the Program in both areas. The ownership of the indigenous territories is proven with a national decree of the creation of the indigenous reserve. Therefore, the legal territorial registration is not required to participate in the CREF mechanism. However, the portion of the forest under dispute could not be included in the CREF mechanism.

5 BENEFIT SHARING PLAN FOR THE EMISSION REDUCTIONS PROGRAM

The Benefit Sharing Plan (BSP) developed in this document was designed by Costa Rica's REDD+ Secretariat, based on a broad legal framework to propose the distribution of benefits sharing from the implementation of the REDD+ Strategy and more specifically the Program. Costa Rica has used successful financing schemes and innovative mechanisms in the forestry sector that have contributed to reversed deforestation and increased coverage, such as the restriction of land use and the Payment for Environmental Services (PES) Program, among others.

The provisions of Decree No. 40 464-MINAE, which was issued to regulate the execution of the National REDD+ Strategy, are especially followed. The decree was shared with the relevant stakeholders and feedback duly addressed (see Section 3. Benefit Sharing Plan consultation and dissemination).

The BSP also complies with the main elements and requirements established by the criteria and indicators in the Forest Carbon Partnership Facility (FCPF) Methodological Framework regarding “Benefit Sharing” (Number 5.2), which states that the Emission Reductions Program should use clear, effective, and transparent benefit sharing mechanisms with broad community support and backing from other relevant stakeholders, as well as ensuring that benefit sharing is carried out with respect to the importance of guaranteeing legitimacy in the decision-making process, respecting customary rights over lands and territories, and complying with the objectives of effectiveness, efficiency, and equality²².

The BSP proposed in this document acknowledges that there are subjects of property rights and emission reductions, on which it will establish mechanisms to recognize their contributions to emission reductions, according to proportional participation in the areas to be included in the Emission Reductions Program (ERP).

It is important to mention that the monetary benefits will be properly distributed among all the different stakeholders involved in the execution of REDD+ actions at the local level, and that there are national mechanisms created under the REDD framework to demonstrate transparency in the distribution of monetary benefits, with mechanisms for follow-up, accountability and means to enable access to information, and monitoring²³.

The risks or potentially adverse environmental and social impacts (and corresponding mitigation measures) of the implementation of the ERP activities and this BSP have been duly analyzed and communicated to stakeholders during the development of the Environmental and Social Management Framework (ESMF) (see ESMF²⁴).

In addition to the legislation outlined above, the following principles have been applied in the development of the BSP, as well as the contributions from workshops and actions developed with relevant stakeholders. It is explicitly stated that all environmental and social management guidelines and procedures established in the ESMF of the ERP are applicable in the implementation of this BSP.

²² Luttrell et al., 2013. Who Should Benefit from REDD+. Rationales and Realities. Ecology and Society. 18(4)52.

²³ Ibid, page. 19.

²⁴https://fonafifomy.sharepoint.com/:b/g/personal/mherrera_fonafifo_go_cr/EfbCVxvV2L5Bvl6Dr9tqU7MB2y5ZhVV3_oqGMyliRpwFwQ?e=3Sb1Gy.

5.1 PRINCIPLES

A number of principles were identified that were considered in preparation of the BSP, most importantly: Legality, Legitimacy, Effectiveness, Efficiency, Equality, Transparency, Citizen Participation, and Interculturality.

Legality: Refers to the fact that the BSP must respect the existing rights and current legislation in force, including international conventions, the political constitution, and national legislation in relation to the benefits of REDD+, respecting the rights of groups or individuals over territories and natural resources, thus guaranteeing respect for already established rights. This principle is of vital importance. If stakeholders do not consider the mechanism created to be fair because it disrespects their rights, it will lack legitimacy. Some experts contend that “... *legality is crucial for an equitable and legitimate design. This reinforces the need for countries to have a defined legal framework on the rights to land, resources, and carbon*^{25 26}”.

Legitimacy: Refers to the participation of those who have rights over territories and natural resources in decision-making related to benefit sharing.

Efficiency: Benefit sharing should contribute to achieving the objectives of the National REDD+ Strategy, using the available monetary resources in the best possible way.

Effectiveness: Benefit sharing should contribute to achieving the social, ecological and mitigation objectives of the National REDD+ Strategy.

Equality: Monetary benefits must be adequately distributed among the different stakeholders participating in the execution of REDD+ actions at the local level.

Transparency: The way in which REDD+ monetary benefits are distributed must be clear and allow for monitoring and evaluation. In this sense, the BSP must have an accountability mechanism and the means to allow access to information²⁷.

²⁵ Ibid.

²⁶ Carrillo Fuentes, Juan Carlos. UICN. Centro Mexicano de Derecho Ambiental. Análisis del marco legal para la implementación de mecanismos de distribución de beneficios REDD+ en México www.biodiversidad.gob.mx/corredor/cbmm/pdf/3-analisis-marco-legal.pdf, 2015, pg. 48

Zúñiga, Ignacio and Deschamps, Paulina. Elementos para el Diseño del Mecanismo de Distribución de Beneficios para REDD en México, USAID, Alianza MEXICOREDD+, 2014, pág. 19. www.alianza-mredd.org/.../Elementos%20Distribucion%20Beneficios%20MREDD%20Z.

²⁷ Ibid, pg. 19.

Citizen participation: The process of involving stakeholders individually or collectively, with the purpose of encouraging their influence and participation in the management of the ERP as part of an approach based on shared responsibility and benefits. The BSP arrangements will apply Free, Prior, and Informed Consent (FPIC).

Interculturality: The changes promoted by the ERP must take into account the multi-ethnic, multi-cultural, and multi-lingual diversity of its beneficiaries.

5.2 OBJECTIVE OF THE BSP

To guide the distribution of benefits derived from the commercialization and sale of greenhouse gas emission reductions generated by the country, which have been duly incorporated into the reduction registry established for such purposes, and over which there is an agreement for the transfer of rights or a marketing authorization by its owners (whether public or private), specifically the resources stemming from the implementation of the Emission Reductions Program signed with the Carbon Fund.

5.3 BENEFICIARIES

Article 15 of REDD+ Decree No. 40464-MINAE states that resources from the commercialization of ERs shall be distributed according to the percentage of contribution of each of public or private entity who are owners of ERs. As outlined in section 4.2, the initial allocation of ER payments is based on the share of the total forest land area²⁸, which are then invested in or channeled through four benefit sharing mechanisms: SINAC Strengthening Plan, Contract for Emission Reductions from Forest (CREF), Green Business Fund, and the Inclusive Sustainable Development Fund. (See section 5.7 for details, including eligibility criteria)

Conditional on meeting the eligibility requirements, the final beneficiaries of the ER payments include the following groups:

Public agencies

²⁸ 21% to National System of Conservation Areas (SINAC), 1% State National Heritage (PNE) administered by other Institutions, 13% FONAFIFO carbon rights of Payment for Environmental Services (PES), 2% Forest Owners Organizations, 1% Private Reserves, 12% Individual forest owners, 5 % Indigenous peoples. The percentage estimates could change throughout the ERPA depending on land area under management.

- i. **National System of Conservation Areas (SINAC)** (to implement the SINAC Strengthening Plan).
- ii. **National REDD+ Secretariat** (to cover operational and monitoring costs associated with ERP implementation).

Private entities

- i. **Forest Owners members of NGOs** participating under the CREF mechanism.
- ii. **Private Reserve Owners** participating under the CREF mechanism.
- iii. **Indigenous peoples** participating under the CREF mechanism.
- iv. **Individual forest landowners** participating under the CREF mechanism
- v. **Other individuals or groups of forest landowners or non-owners ineligible for CREF.**
 - i. Participating through the Green Business Fund.
 - ii. Participating through the Inclusive Sustainable Development Fund (ISDF).
- vi. **Communities** surrounding the state-owned Protected Wildlife Areas (PWA) and State Natural Heritage lands (PNE), will receive non-monetary benefits from the SINAC Strengthening Plan.

Note: the identification of final beneficiaries will begin with the signing of the ERPA so as not to create false expectations.

5.4 TYPES OF BENEFITS

The Emission Reductions Program will distribute two types of benefits: i. Monetary and ii. Non-Monetary.

5.4.1 MONETARY BENEFITS:

Monetary benefits are defined as cash received by Beneficiaries funded by payments received under an ERPA (ERPA Payments).

5.4.2 NON-MONETARY BENEFITS

Non-Monetary benefits are defined as goods, services, or other benefits funded with ERPA Payments, or directly related to the implementation and operation of the ER Program, that provide a direct incentive to Beneficiaries to help implement the ER Program and can be monitored in an objective manner (e.g., technical assistance, capacity building, and in-kind inputs or investments such as seedlings, equipment, buildings, etc.).

Annex 3 lists the monetary and non-monetary benefits related to each of the policies, actions, and measures of Costa Rica's Emission Reductions Program. The following table summarizes the monetary and non-monetary benefits by type of Program beneficiary.

Table 6: Monetary and Non-Monetary Benefits of the Program by Beneficiary

Source of funding	Benefit Sharing Mechanism	Ultimate Beneficiary	Monetary	Non-Monetary
a.i.SINAC (US\$ 20.248 million)	SINAC Strengthening Plan	SINAC Surrounding communities		<ul style="list-style-type: none"> • Training programs for SINAC officers on sustainable forestry, forest fire control, forest law enforcement • Acquisition of equipment such as forest fire Control and forest inventories • Update management plans of protected areas to increase emissions reductions. • Involve the surrounding communities in sustainable entrepreneurship that contributes to their well-being • Forest monitoring (support for updating of the National Forest Inventory). • Training surrounding communities on Natural Resources Surveillance. • Creation of brigades for forest fire control. • Awareness-raising among the civil society on issues of forest fire prevention • Improvement of sustainable forest management for timber industry production.
a.ii.PNE owned by other Institutions (US\$ 0.7 million) a.iii.FONAFIFO: PES program carbon rights (US\$ 12.5 million) b.i.Individual forest owners and b.ii. Private reserves (US\$ 14.6 million) b.iv.Indigenous Territories (US\$ 5.4 million)	CREF	Forest Owners Organizations Private Reserve Owners Individual forest landowners Indigenous Peoples	Cash payments	
a.i.SINAC (US\$ 1.066 million) a.iii.FONAFIFO: PES program carbon rights (US\$ 1.256 million)	Green and Inclusive Funds	Other individuals or groups of Forest landowners or non-owners that are not included in any of the previous categories		
Gross ER Payment (US\$ 5.4 million)	Environmental Bank Foundation (FUNBAM)	National REDD+ Secretariat		<ul style="list-style-type: none"> • Implementation of the forest monitoring system and safeguards monitoring system • Strengthening of technical units in charge of forest and social monitoring

Note: The reversal buffer is not included since it will be distributed to CREF beneficiaries at the end of the ERPA if not used.

5.4.3 NON-CARBON BENEFITS

Non-Carbon benefits are defined as any benefits produced by or in relation to the implementation and operation of an ER Program, other than Monetary and Non-Monetary Benefits (e.g., improvement of local livelihoods, improved forest governance structure, clarified land tenure arrangement, enhanced biodiversity and other ecosystem services, etc.).

The ERP is expected to generate non-carbon benefits, including:

Green and Inclusive Funds:

- Promote positive financial mechanisms for the conservation and sustainable management of forests that benefit women and men equally.
- Creation of a CREF or PES for Agroforestry Systems modality that takes into consideration gaps in land tenure and the characteristics of women's farms.
- Promotion of enterprises based on multidimensional sustainability, advancing towards the internalization of forest conservation actions and their biodiversity in the final value of exportable goods and services, and the generation of quality employment and social progress.

SINAC Strengthening Plan and CREF

Forest Governance benefits

- Decreasing the annual area of forest fires.
- Decreasing the percentage of annual volume of illegally processed wood
- Financial mechanisms established to promote sustainable forest management of secondary and primary forests.
- Expansion and improvement of financial mechanisms to favor natural regeneration in private lands.
- Improvement of sustainable forest management for the timber industry
- New regional standards for sustainable forest management (SFM) published in the Decree, including the revision and update of management indicators and criteria by type of forest in the country;
- Collegial bodies and participatory decision-making processes for sustainable forest management;

Environmental and Social benefits

- Maintenance of the provision of ecosystem services²⁹
- Reduction of vulnerability to water stress and climate change.
- Biodiversity Maintenance
- Improvement of the socioeconomic conditions of forest owners.

²⁹ Vega-Araya, M. (2015). Fortalecimiento de la Estrategia Control y Protección de Incendios. Retrieved from http://reddcr.go.cr/sites/default/files/centro-de-documentacion/report-incendios_4.pdf

- Control of soil and water erosion.
- Prevention of health problems in humans and animals, linked to smoke from fires.
- Reduction of negative effects in bio- geo-chemical cycles dependent on soil biota.

These non carbon benefits do not form part of the Benefit Sharing Arrangements or the Benefit Sharing Plan for the ER Program.

5.5 ALLOCATION OF GROSS ER PAYMENTS

This BSP deducts implementation costs (operational and monitoring costs) and a reversal buffer, with the remainder allocated among eligible beneficiaries. As outlined in sections 4.2 and 5.3, the initial allocation of ER payments is based on the share of the total forest land area, which are then invested in or channeled through four benefit sharing mechanisms: SINAC Strengthening Plan, Contract for Emission Reductions from Forest (CREF), Green Business Fund, and the Inclusive Sustainable Development Fund.

The distribution of results-based payments from the emissions reduction resources in the ER Program is illustrated in Figure 2, and further detailed in the sections below.

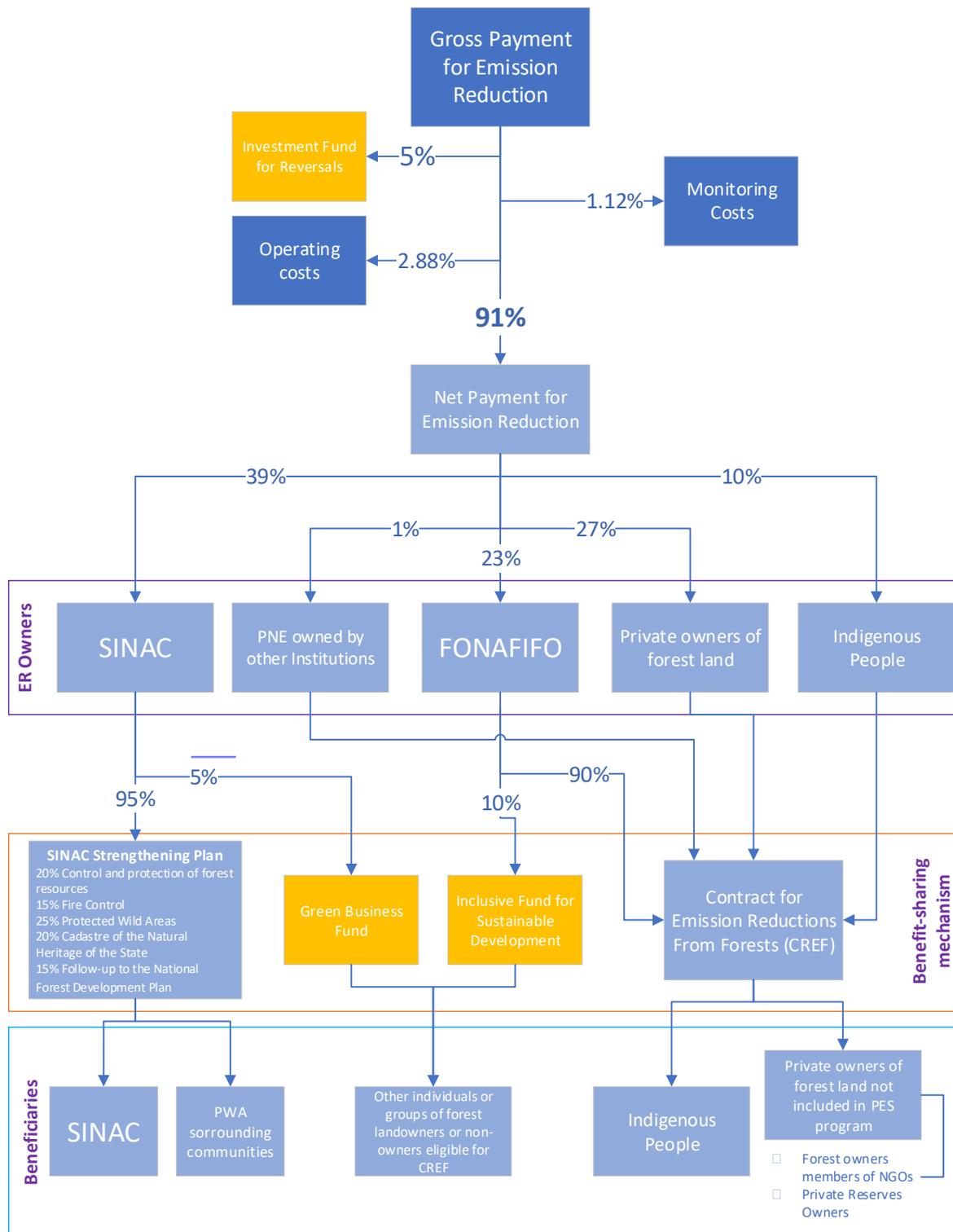


Figure 2: Distribution of results-based payments from the emissions reduction resources in the ER Program. The percentage estimates by ER owner could change throughout the ERPA depending on land area under management.

5.6 ERP IMPLEMENTATION COSTS

Before distributing benefits, 9% of the gross payment received for emission reductions in each monitoring period will be deducted to cover: i. **monitoring costs (1.12% of gross payment)**, to ensure that monitoring event reports are made, as well as compliance with safeguards and monitoring instruments that must be submitted to the purchasing entity; ii. **operating costs (2.88% of gross payment)**, related to the legal formalization and payment of monetary and non-monetary benefits, and the iii. **Investment Fund for Reversals (5% of gross payment)** (see Figure 2). Monitoring costs, operating costs, and the Investment Fund for Reversals will be managed by FUNBAM. There will be no transfer of funds to other government entities (see Section 6. Administration of Financial Resources).

$$\text{Net Monetary Benefit} = \text{Gross Monetary Benefit} - (\text{Operating Costs} + \text{Monitoring Costs} + \text{Reversal Fund})$$

Assuming that the country manages to reach the maximum of US \$60 million stated in the Letter of Intent, the amount allocated to cover operating and monitoring costs would be US \$2,400,000 during the execution of the ERP. The annual distribution of this amount is shown in Table 6-3. It is important to note that the operational and monitoring costs from 2018 to 2020 would be covered by funds from the FCPF Readiness Fund Grant.

Table 7: Annual distribution of 4% of the gross payment for emission reductions to cover the operational and monitoring costs of the Emissions Reduction Program.

Monitoring Period	Year	Amount US\$	Source of Funding
First	2018	-	FCPF Readiness Fund Grant
	2019	-	FCPF Readiness Fund Grant
Second	2020	-	FCPF Readiness Fund Grant
	2021	480,000	ERPA payments
Third	2022	480,000	ERPA payments
	2023	480,000	ERPA payments
	2024	480,000	ERPA payments
	2025	480,000	ERPA payments
	Total	2,400,000	

5.6.1 OPERATING COSTS

Part of the 2.88% of the gross payment for ER received by the country will be used to cover the operating costs of ERP implementation. Table 8 lists the expected operational costs, with an estimated annual operating cost of **US \$345,600**. It is important to note that, in addition to the professionals that the State will appoint for the implementation of the Program according to Executive Decree 40464 – MINAE, 8 professionals in various branches will be hired to provide technical, administrative, and communications support. This additional staff will be hired by FUNBAM.

Table 8: Detailed operational costs for the implementation of the Benefit Sharing Plan within the Emissions Reduction Program with the Carbon Fund.

ERP Operating Costs	Personnel	Estimated annual cost (US\$ / year)
Administrative staff SeREDDCR	2 professionals	60,000
Technical staff to track CREF compliance	3 professionals	90,000
SeREDDCR communication staff	1 professional	30,000
Design and printing of communications		20,000
Funbam Financial / Administrative Costs, including Audit costs		145,600
	Subtotal	345,600

5.6.2 MONITORING COSTS

The same 1.12% of the gross payment for ER received by the country will also cover the costs of ERP monitoring. This encompasses technical materials and equipment (licenses, computer equipment or monitoring instruments, and others), as well as outsourcing supplies or contracts, which are required to address the availability of information to help the country carry out program monitoring events. These resources may include support to institutions that carry out the National Greenhouse Gas Inventory (NGGI), national communications, or that support the platform that maintains the National Forest Monitoring System (SNMF). The costs are estimated at **US \$134,400** annually (see Table 9).

Table 9: Detailed monitoring costs for the implementation of the Benefit Sharing Plan within the Emissions Reduction Program with the Carbon Fund.

Monitoring, Reporting and Verification Costs		
Technical equipment and materials	Equipment and materials	10,000
Multi-temporal, visual assessment to estimate degradation and Olofsson analysis	Consulting services	10,000
Development of land use and coverage maps 2021 and 2024	Consulting services	30,000
Technical support for the calculation of emissions, uncertainty, report preparation and verification process	Consulting services	20,500
Social staff (safeguards, social risks, others)	2 professionals	63,900
	Subtotal	134,400
Total (Operational + Monitoring costs)		480,000

5.6.3 INVESTMENT FUND FOR REVERSALS

The Investment Fund for Reversals is a mechanism through which the implementing entity automatically reserves 5% of each ERPA payment (which means up to **US \$3,000,000** of gross ER payments) to respond in the case that emissions are higher than the reference level during the second and third periods of the ERP. The Investment Fund for Reversals will be used to meet contractual commitments with those forest owners who continued to reduce emissions.

The funds will be used to reinforce the activities of the Implementation Plan, either by expanding participation with more beneficiaries or by enhancing some actions to broaden the impact on emissions reductions more effectively. This is accordance with monitoring and follow-up recommendations and results related to program performance.

The REDD+ Secretariat will be responsible for making necessary adjustments to the ERP Implementation Plan, including adjustments to the budget and activities to improve program performance. The reversal service plan must be approved by the Steering Committee. Once approved, the REDD+ Secretariat will be responsible for executing said plan with the administrative support of FUNBAM.

The remainder of this fund will be distributed through CREF to the individual owners in the last monitoring period.

5.7 ALLOCATION OF NET ER PAYMENTS

Following the deduction for operating and monitoring costs and the reversal fund, 91% of the gross ER payments will be allocated to eligible beneficiaries.

In accordance with Article 15 of REDD+ Decree No. 40464-MINAE, the net distribution of ER payments will be based on the share of forest land area of each owner (proxy for ER contribution). Table 12 **Error! Reference source not found.** shows a preliminary estimate of the proportion of forest under each type of ER owner that would qualify for an ER payment, and Table 13 illustrates the potential benefit distribution by ER owners and the subsequent funding for each respective benefit sharing mechanism.

Error! Reference source not found. The distribution of the results-based payments are detailed in Sections 5.7.1-5.7.3 below.

5.7.1 SINAC STRENGTHENING PLAN

Funds allocated to the SINAC Strengthening Plan will be used to provide non-monetary benefits. The SINAC manages state-owned Protected Wildlife Areas (PWA) and lands that are State Natural Heritage (PNE). According to Costa Rica's Emission Reductions Implementation Plan, SINAC is responsible for the implementation of PAM 2, "Strengthen PWA and Programs for the prevention and control of land use change and fires", which aims to "Contribute to avoiding deforestation and forest degradation by strengthening prevention and control programs for land use change and fires, the promotion of Sustainable Forest Management (SFM), and the chain of custody system for forest products."

Ninety-five percent of the net payment for emission reductions generated in forest lands under SINAC's administration (see Figure 2 **Error! Reference source not found.**) will be used to strengthen it through Annual Operating Plans (AOP) aimed at:

- i. **Control and protection:** Control of illegal felling through incentivizing citizen participation, and institutional strengthening of areas under protection and control (management and human, financial, operational, and technological resources), including the technification of processes and procedures for timber traceability from farms to the industries' yards (20% of resources);
- ii. **Fighting forest fires:** Specifically providing support to the Comprehensive Fire Management Strategy, with the development of campaigns, maintenance of fire brigades and firefighters, technological support, etc. (15% of resources);

- iii. **Support in the management of Protected Wildlife Areas** (25% of resources);
- iv. **Cadaster of State Natural Heritage** (20% of resources);
- v. **Follow-up on the National Forest Development Plan** (15% of resources).

The goals contemplated in the plan are:

- Reducing the percentage of illegally processed wood from 25 percent to 18 percent.
- Increasing the percentage of fires adequately put out, from 70 percent to 84 percent.

For the approval of the operational plans, it will be ensured that the destination of the funds does not breach the provisions of the ESMF, and the benefits are predominantly for the communities living in and around the conservation areas.

5.7.2 CONTRACT FOR EMISSION REDUCTIONS FROM FORESTS (CREF)

The net ERPA payments will be distributed **through direct payments or monetary benefits** to forest landowners with a Contract for Emission Reductions from Forests (CREF).

For this BSP, the contribution of each owner of ERs will be defined by the share of the total forest area under their ownership or management. All beneficiaries that sign an agreement with the State to transfer emissions reductions may receive this payment. The amount to be received per hectare will depend on the total volume of ERs that the country has produced during the monitoring period.

Direct payments to owners through CREF will be financed by: i. 100% of the net payment for ER generated in forest lands belonging to private owners and Indigenous peoples; ii. up to 90% of the net payment received by FONAFIFO for the ER purchased through the Payment for Environmental Services (PES) Program (the remaining 10% is directed to the Inclusive Sustainable Development Fund); and iii. 100% of the net payment received by other state institutions administering PNE (see **Error! Reference source not found.**).

The timing of the ER payment negotiated by the State through the ERPA will depend on the negotiation with the purchaser of the ERs. In this case, the payment is results-based, i.e. in the future. Payment dates will be subject to the monitoring events set forth in the Emission Reductions agreement and defined with the approval of the claim, so agreements with each ER owner will be negotiated taking monitoring events into account.

As for the amount of compensation to forest owners, it is important to clarify that this amount is fixed and is not negotiated in the CREF. This amount has not yet been defined, but will depend

on the amount of forest area contributing to ER, as well as the conditions agreed in the ERPA. However, it is clear in Article 15 of Executive Decree No. 40463-MINAE that the cost of the establishment, administration, marketing, supervision, and control of future commitments will be deducted from the payment to each ER owner. 5.7.2.1. PRELIMINARY ESTIMATE OF THE CREF AMOUNT TO BE

PAID PER HECTARE

Table 10 lists the preliminary estimate of the CREF amount to be paid per hectare to forest owners. Considering the expected volume of emission reductions transferable to the Carbon Fund (see Table 11), the price of US \$5 per reduced tCO_{2e} and a transfer capacity of 55% of the total emission reductions, an annual gross payment of US\$8.52/ha of forest under CREF to owners for REDD+ performance is estimated. The annual operating and monitoring costs (US \$0.33/ha), the annual financing cost of the Investment Fund for Reversals (US \$0.41/ha) and the annual financing cost of the Inclusive Sustainable Development Fund (US \$0.31/ha) should be deducted from this amount. As such, the calculated annual net CREF payment to owners for REDD+ performance is **US \$7.48/ha**. Considering the 7 year life of the ERP, forest owners who sign a CREF agreement could receive around **US \$52/ha**.

Table 10: Expected volume of reductions generated under Emission Reduction Program.

Parameter	Annual ERs tCO_{2e}	Observations
Estimation of annual forest Emission Reductions under the ER Program	6,086,057	Annual Emission Reductions during this period are assumed to amount to the average of the Emission Reductions measured for 2014-2015
Reduction of annual transferable emissions under the ER Program	3,347,331	A title transfer capacity of 55% of total Emission Reductions is assumed
Estimated expected reserve to reflect the level of uncertainty related to the estimate of transferable ERs during the ERPA term.	-	The total uncertainty of the Emission Reductions measured was 14.01%. Based on Criterion 22 of the CF-MF, a discount of 0% was applied
Emission Reductions for results-based payments.	3,347,331	
Estimated expected reserve to reflect the level of uncertainty related to the estimate of transferable ERs during the ERPA term	385,091	The risk of reversals is stable at 13%. Costa Rica proposes to manage reversal risks using a CF buffer of the ER program.
Total estimated results on public and private land	2,962,240	

Table 11: Preliminary calculation of the annual net payment to forest owners for REDD+ performance through CREF

Parameter	Quantity	Units	Observations	
A	Expected net volume of reductions in transferable emissions to the FCPF Carbon Fund produced by CREF agreements, excluding SINAC ERs.	1,805,896	tCO _{2e}	Total estimated results on public and private land multiplied by (1-0.39), 39% of RE belongs to SINAC.
B	Annual gross payment to the country for REDD+ performance	9,029,480	US\$	$B = A * 5$ <i>Price 5 US\$/tCO_{2e}</i>
C	Total Forest Area	3,161,337	Ha	Total Forest Area
D	Forest area with a CREF agreement	1,060,000	Ha	$D = C * 0.55 * (1 - 0.39)$ See Total forest (See Table 12)
E	Annual gross payment to the owner for REDD+ performance	8.52	US\$/Ha	$E = B/D$
F	<i>Annual operating and monitoring costs</i>	0.33	US\$/Ha	$F = E - (\frac{E}{1.04})$
G	<i>Annual cost of financing the Investment Fund for Reversals</i>	0.41	US\$/Ha	$G = E - (\frac{E}{1.05})$ The remainder of this fund is distributed to forest owners at the end of the ERP
H	<i>Cost of Financing the Sustainable Development Inclusion Fund</i>	0.31	US\$/Ha	$H = (E - F) * (1 - 0.9623)$ This cost is covered by FONAFIFO with the ERs purchased with the PES
I	Annual net ERPA payment to the owner for REDD+ performance	7.48	US\$/Ha	$I = E - (F + G + H)$
J	Net amount received by the owner during the entire ERP	52.33	US\$/Ha	$J = I * 7$ ERP duration is 7 years (2018-2024)

According to the distribution rules described in Section 5.5, of the maximum amount of US \$60 million to be received as payment for the ERs³⁰, US \$32,030,183 would be distributed through CREF. Considering that the owners could receive US \$52/ha during the ERP, **1,060,000 ha of natural forests** and some **6,300 beneficiaries** could be included under this mechanism³¹. It should be clarified that this forest area and said beneficiaries would be in addition to those already included in the Payment for Environmental Services (PES) Program administered by FONAFIFO.

³⁰ According to the Letter of Intent signed by Costa Rica with the World Bank

³¹ According to the statistics of the PES Program administered by FONAFIFO, the average area of forest per beneficiary is 85 ha.

5.7.2.2. ELIGIBILITY CRITERIA FOR CREF BENEFICIARIES

CREF is the mechanism for the transfer of rights and payment for ER produced by forest owners. Through voluntary participation in CREF, landowners will be compensated for the ERs produced, including any agreed and executed call options.

Public and private owners, including Indigenous territories, of property with forests, natural regeneration, forest management (whether primary or secondary), or forest plantations that are duly registered in Costa Rica's National Property Registry are eligible to participate in the CREF mechanism (see Section 4.2). The ownership of the indigenous territories is proven with a national decree of the creation of the indigenous reserve. Therefore, the legal territorial registration is not required to participate in the CREF mechanism. However, the portion of the forest under dispute could not be included in the CREF mechanism.

Likewise, private individuals with ownership rights over property are eligible to sign up for the CREF, which Law No. 8640 allows to participate in the PES program. The mechanisms, procedures, and requirements for this participation will be those provided for in the current legal system, in this document, and in other provisions that establish it (see Section 4.3).

It is important to point out that, in the case of ERs that will be contracted with the CF, no priority areas within the national territory or technical criteria will be defined, the main criterion being that any property located in the national territory covered by forest qualifies. The applicable criteria for determining the inclusion of the areas owned by forest landowners will be determined exclusively by the respective formalization date of the agreement for the transfer rights.

For the identification of each of these holders, the requirements that would be accrediting them as such will be reviewed. Criterion 36, Indicator 36.2 of the Methodological Framework establishes that *the ER Program Entity demonstrates its ability to transfer to the Carbon Fund Title to ERs, while respecting the land and resource tenure rights of the potential rights holders, including Indigenous Peoples (i.e., those holding legal and customary rights, as identified by the assessment conducted under Criterion 28) in the Accounting Area. The ability to transfer Title to ERs may be demonstrated through various means, including reference to existing legal and regulatory frameworks, sub-arrangements with potential land and resource tenure rights holders*

(including those holding legal and customary rights, as identified by the assessments conducted under Criterion 28), and benefit sharing arrangements under the Benefit Sharing Plan³².

An agreement will be drawn up with individuals or legal entities that own private property in which the terms and scope of the sale of ERs must be reflected. In the case of State institutions, except for SINAC, an agreement will also stipulate the scope of the sale of ERs. In this process, as established in Article 12 of Decree 40464, MINAE must ensure that the carbon credit transactions that are carried out comply with the elements of legitimacy, quantification, and verification so as to generate transparency and certainty in the markets.

Thus, individuals and entities generating ER that do not have title or are in illegal possession of forest resources are not eligible for receiving monetary benefits.

In addition to the above, eligible beneficiaries must have access to banking services, including Indigenous peoples, and have the ability to receive wire transfers.

The identification of eligible CREF beneficiaries will begin with the signing of the ERPA so as not to create false expectations.

5.7.2.3 CREF PROCEDURES MANUAL

Once the technical, administrative, and financial conditions resulting from the ERPA negotiation are clear, and before the first ER payment by the Carbon Fund is made, the REDD+ Secretariat will issue a CREF Procedures Manual addressing the following topics:

- i. The procedures required before and after benefit sharing.
- ii. The procedures for proving ownership and forms of ER rights transfer.
- iii. Safeguards considerations in the definition of procedures and the eligible and ineligible uses of benefits received by each group of beneficiaries.
- iv. Procedures for the system of payment to beneficiaries and procedures for payments to suppliers and consultants for purchases made for the strengthening of SINAC and the operation of the REDD+ Secretariat.

A preliminary version of the Operational Manual is being developed.

³²Forest Carbon Partnership Facility. Methodological framework of the Carbon Fund of the Forest Carbon Partnership Facility, 2013

In order to ensure transparency in the recruiting process of forest owners to access the CREF, publications will be made through nationally distributed newspapers, social networks, and direct telephone calls. These publications will include a call for participation in national, regional and local meetings, where the owners will voluntarily express, by means of a written documentation, their interest in offering their emission reductions in the Emission Reductions Program.

In addition to the written legal document, the owners must present a cadastral map of their property where the forest is located. All the information will be entered into a database and a geodatabase. Once the legal requirements are verified, the processing and signing of CREF agreements will take place.

The following exclusion list, identifies lands that will not be eligible to receive ER Program benefits:

- Lands already listed in the Payment for Environmental Services (PES) Program.
- Disputed lands whose ownership is not clearly defined.
- Lands without a cadastral plan.
- Lands that have entered CREF and that during the project implementation it is confirmed that negative environmental impacts have been produced (such as illegal logging, forest degradation processes and other crimes and contraventions regulated by environmental legislation). After the verification of such negative impact, payments will be suspended and appropriate proceedings will be initiated to determine the existence of fraud and whether it is necessary, in accordance with current legislation, to return payments made in advance.

Those with Indigenous lands participating in the meeting must submit a certificate with the approval of the Assembly of the Association for the Integral Development of the Indigenous Reserve (Asamblea de la Asociación de Desarrollo Integral de la Reserva Indígena, ADIRI) and the agreement must be entered into by the President of said association, in his or her capacity as a legal representative.

With regard to land cover according to which farms will be selected in the CREF, the following will be considered: i. Mature and second forests, ii. denuded lands in recovery for natural regeneration and wooded grasslands, and iii. forestry plantations.

5.7.3 SOCIAL INCLUSION FUNDS

To address the needs of communities excluded for lack of clear tenure, 10% of the net payment received by FONAFIFO will be allocated for the establishment of the Inclusive Sustainable Development Fund and 5% of the net payment received by SINAC for the Green Business Fund (see Figure 2). Distribution and eligibility criteria to participate in these funds will be defined after ERPA is signed.

5.7.3.1. INCLUSIVE SUSTAINABLE DEVELOPMENT FUND

The Inclusive Sustainable Development Fund is designed to meet the recommendations of the Gender Action Plan³³. This fund aims to promote positive financial mechanisms for the conservation and sustainable management of forests, which benefit women and men equally, considering the requirements and expectations of women forest owners and non-owners who do not receive funding. This fund aims to create a CREF or PES Agroforestry Systems modality that takes into consideration gaps in land tenure and the characteristics of women's farms, and that can be implemented individually or in groups, for example CREF-woman and gender-responsive PES.

An agreement will be reached with FUNBAM to establish the fund and its operation, including criteria and measures to ensure that the fund's resources reach organizations of women and women producers.

For the implementation of this fund, a map of risks and benefits differentiated by sex will be made in order to decide how to allocate resources and to establish a process of technical support, training, negotiation advice, and support to the producers that will receive funding from the Fund.

5.7.3.2. GREEN BUSINESS FUND

Within the context of the Benefit Sharing Plan for resources from the ERP, the Green Business Fund has the objective to promote the development of green and socially responsible companies for the production of environmentally friendly commodities, offering men and women nationwide financing options for the development of enterprises based on the use of land or products of nature-based actions that allow them to generate development options at the national level. The Green Business Fund has been executed by FUNBAM since 2017, with its main objective the

³³Ministry of Environment and Natural Resources. (2019). Costa Rica: GENDER ACTION PLAN of the National REDD+ Strategy. Washington DC. <https://drive.google.com/open?id=1frEP2ib3zqoCtA4A69JbY1IVD6lvCZUP>

strengthening of SINAC’s National Biological Corridors Program. With the experience generated from this Fund and the funding from the Carbon Fund, priority will be given to enterprises based on multidimensional sustainability, advancing towards the internalization of forest conservation actions and their biodiversity in the final value of exportable goods and services, and the generation of quality employment and social progress.

5.7.4 BENEFIT DISTRIBUTION ESTIMATES/SCENARIOS

Table 12 **Error! Reference source not found.** shows a preliminary estimate of the proportion of forest area under each type of ER owner that would qualify for an ER payment, and Table 13 illustrates the potential benefit distribution by ER owners and the subsequent funding for each respective benefit sharing mechanism.

Table 12: Types of ER owners and preliminary estimate of the corresponding share of forest area that meets the eligibility criteria for benefit sharing.

Type of Owner		Forest Area	%
SINAC		678,735	39%
Private owners	FONAFIFO: PES program	400,000	23%
	Forest Owners Organizations	50,000	3%
	Private Reserves	25,000	1%
	Individual forest owners who failed to reach the required score to participate in the Payment for Environmental Services Program (PES)	390,000	23%
	Indigenous Territories	170,000	10%
PNE under Agreements		25,000	1%
Total Forest Area that meets the eligibility criteria for benefit sharing.		1,738,735	100%

Note: The percentage estimates could change throughout the ERPA depending on land area under management.

Table 13. A preliminary estimate of Benefits Distribution by ERs Owners and Funding for Benefit-sharing mechanisms

Row	Parameters	Amount (US\$)	Calculation
A	Maximum amount of compensation for RE according to LOI (US\$ 60,0 millions)	60,000,000	$A = 60,000,000$
B	Investment Fund for Reversals	3,000,000	$B = A * 0.05$
C	Monitoring costs	672,000	$C = A * 0.0112$
D	Operational costs	1,728,000	$C = A * 0.0288$
E	ERs Owners payment distribution	54,600,000	$E = A - B - C - D$
F	SINAC	21,313,732	$F = E * \frac{SINAC's\ forest}{0.55 * Total\ forest}$
G	FONAFIFO	12,560,856	$G = E * \frac{FONAFIFO's\ forest}{0.55 * Total\ forest}$
H	PNE owned by other Institutions	785,054	$H = E * \frac{SNH\ other\ forest}{0.55 * Total\ forest}$
I	Indigenous People	5,338,364	$I = E * \frac{Indigenous\ forest\ elible\ for\ CREF}{0.55 * Total\ forest}$
J	Forest Owners members of Organizations, Private Reserves owners and Individual forest landowners	14,601,995	$J = E * \frac{Owners\ of\ forest\ elible\ for\ CREF}{0.55 * Total\ forest}$
E	Funding for Benefit-sharing mechanisms	54,600,000	$E = A - B - C - D$
K	Inclusive Sustainable Development Fund	1,256,086	$K = 0.10 * G$
L	Green Business Fund	1,065,687	$L = 0.05 * F$
M	SINAC Strengthening Plan	20,248,045	$M = 0.95 * F$
N	CREF mechanism	32,030,183	$N = H + I + J + 0.90 * G$

6. ADMINISTRATION OF FINANCIAL RESOURCES

For the correct distribution of benefits, a structure that includes the execution of the technical and administrative-financial aspects is required. The technical aspects will be managed through the Ministry of Environment and Energy (MINAЕ), through the State Forestry Administration (National Forest Financing Fund—FONAFIFO or the National System of Conservation Areas—SINAC), which will arrange the purchase and sale of Emission Reductions (ER) with their respective

owners, with whom a preliminary contract was signed at the first stage to enable the State to negotiate the ERs.

The administration of resources from the negotiation of ERs is regulated in Article 13 of Executive Decree 40464 - MINAE, which stipulates that said funds will be deposited and managed by the Environmental Bank Foundation (FUNBAM) under the guidelines defined by the REDD+ Board of Directors and monitored by the REDD+ Secretariat.

FUNBAM is a non-profit legal entity independent from the Ministry of Finance, created in 2008 through Law No. 8640 "Approval of Loan Contract No. 7388-CR and its annexes between the Republic of Costa Rica and the International Bank for Reconstruction and Development, IBRD". It was registered in Costa Rica under legal entity number 3-006-559051, and created per the request of the World Bank to collaborate with the Government of Costa Rica in the execution of projects for the protection of biodiversity and payment of environmental services. In addition to bringing together the relevant institutions in the field, it allows for greater flexibility in the management of funds.

The Administrative Board of the Foundation, is comprised by the Minister of Environment and Energy or his/her representative, who will preside over it and represent it in and out of court without limitation; the Director of SINAC or his/her representative; the Executive Director of FONAFIFO or his/her representative; the Minister of Agriculture and Livestock or his/her representative; and a representative of the Fund for Sustainable Biodiversity (FBS).

FUNBAM will guarantee the correct management of the resources that are placed under its custody and that they reach the selected stakeholders in the correct amounts, according to instructions given by the responsible entities, FONAFIFO AND SINAC, through the REDD+ Secretariat, as well as the agreements and contracts signed with private owners of forests and forest plantations.

CASH FLOW

Once authorized by the Carbon Fund, the resources from the Emission Reductions Payment Agreement (ERPA) must be deposited in a main account opened by FUNBAM exclusively for the management of these resources. The opening of a trust for the administration of monetary benefits is not expected. This main account will have the following independent sub-accounts:

- i. **Contract for Emission Reductions from Forests (CREF) Mechanism Account:** for direct payment to suppliers of emission reductions service that sign an agreement through

CREF. The payment of CREFs will be based on the establishment of agreements between FONAFIFO and forest owners. The amounts in each of the agreements will depend on the proportional participation of each of the owners in the generation of ERs. The amounts will be determined by forest area, as a proxy indicator of ER performance. The amount to be paid depends on the emissions finally reduced per unit of forest area. The farms that receive CREF payment will be subject to a supervision and surveillance scheme to ensure that the conditions established in the agreement prevail and that subsequent payments be made.

- ii. **SINAC Strengthening Plan Account:** for direct payment to suppliers of goods and services acquired under the plan to strengthen SINAC. FUNBAM will execute the budget in accordance with the work plans approved by the Board of Directors. Annex 4 details the activities to be financed according to the institutional commitments of the ENREDD Implementation Plan.
- iii. **Investment Fund for Reversals Account:** established with 5% of the gross payment for emission reductions.
- iv. **Inclusive Sustainable Development Fund Account:** established in the Gender Action Plan and consisting of 10% of the net payment for reduced emissions owned by FONAFIFO.
- v. **Green Business Fund Account:** established with 5% of the net payment for reduced emissions owned by SINAC.
- vi. **Emission Reductions Program (ERP) Implementation Account:** established with 4% of the gross payment for emission reductions to cover the operational and monitoring costs of implementing the ERP.

With the exception of payments to private forest owners, there is no foreseen transfer of financial resources to SINAC or other public institutions that own ERs. Under the mandate of the Steering Committee, with the allocation of 4% of the gross payment for ERs, FUNBAM will execute the SINAC Strengthening Plan and the administration of resources allocated to CREF and the different funds established in the plan: Reversal Investment Fund, Inclusive Sustainable Development Fund, and the Green Growth Fund (see Figure 3). The REDD+ Secretariat will carry out the Monitoring, Reporting, and Verification (MRV) the ERP. FUNBAM, with the mentioned 4% of the gross payment for ER, will also provide the Secretariat with the necessary equipment, materials, and professional services needed for MRV.

executed by FUNBAM. The REDD+ Secretariat will be responsible for compiling the information and sending the ER Monitoring Report for each monitoring event.

Figure 5 shows the governance structure at national level for the implementation and monitoring of the Benefit Sharing Plan (BSP).

For the purposes of this BSP, FUNBAM will operate under the political direction of the REDD+ Steering Committee. This committee is created by Decree 40464-MINAE and is comprised by the Executive Director of SINAC, the Executive Director of the National Fund for Forest Financing (FONAFIFO), and the Deputy Minister in charge of the Environmental sector. Its function is the supervision and political direction of the REDD+ Secretariat, the negotiation of reductions, and ensuring compliance with Costa Rica's REDD+ Strategy.

It is important to clarify that the REDD+ Secretariat is the administrative structure that will facilitate the processes for the implementation of the REDD+ Strategy. Article 7 of Decree 40464 creates the REDD+ Secretariat with the participation and coordination of two officials from SINAC and two officials from FONAFIFO. Because the REDD+ Secretariat and FUNBAM's Administrative Board are fully governmental, the inclusion of non-governmental stakeholders in the decision-making process for benefit sharing is done through the Monitoring Committee. This is to support transparency and credibility, and to reduce social risks in the implementation of the BSP.

Article 18 of Decree 40464-MINAE creates the Monitoring Committee, which is composed by two representatives of Indigenous peoples established in Costa Rica; two representatives of small forest producers, as defined in Article 2, Subsection "y" of the Regulations to the Forest Law Executive Decree 25721- MINAE and its amendments; two representatives of non-profit non-governmental organizations working in the environmental sector; two representatives of owners of primary industries that process wood in the country; two representatives of public universities that teach Forest Sciences; a representative of the Association of Agricultural Engineers; and one representative of the country's professional forestry associations.

The main function of the Monitoring Committee is to ensure or monitor that the different stakeholders comply with the REDD+ Strategy as long as there are resources for this purpose. It may request the information it deems necessary from public entities, as well as establish notes of complaint as appropriate when the execution of the Strategy is not fulfilled.

Table 14 details the roles and responsibilities of each institution in the Emission Reductions Program (ERP) and the Benefit Sharing Plan.

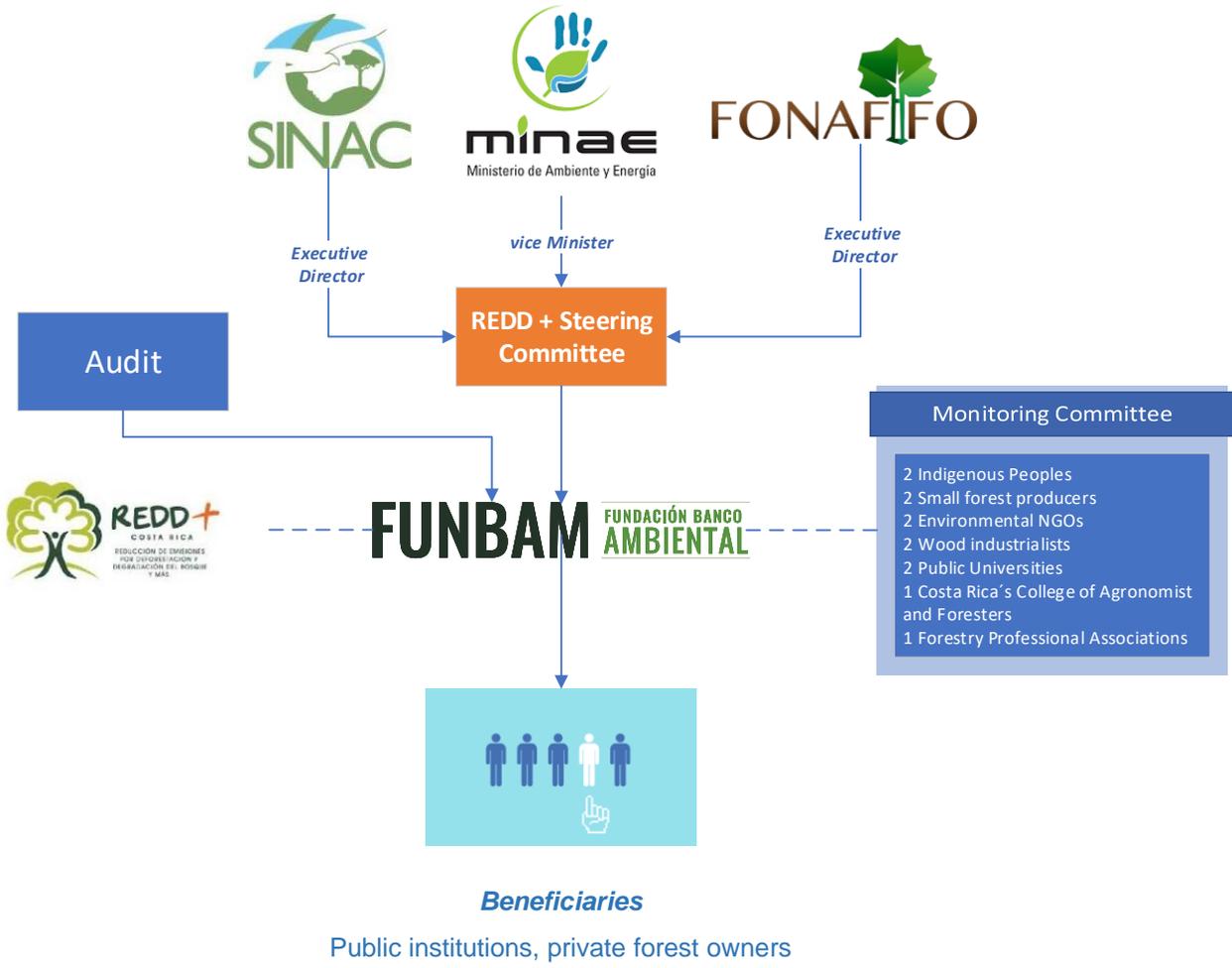


Figure 4: Governance of the Benefit Sharing Plan.

Table 14: Institutional arrangements for the governance of the BSP

Institution	Responsibilities related to the ER Program	Responsibilities in the Benefit Sharing Plan
Ministry of Environment and Energy (MINA E)	<ul style="list-style-type: none"> ○ National entity in charge of the country's environmental policy. ○ Governing body of FONAFIFO and SINAC. 	<ul style="list-style-type: none"> ○ Authorized entity under ERPA signature.
National Forestry Financing Fund (FONAFIFO)	<ul style="list-style-type: none"> ○ Responsible for the coordination, implementation, and supervision of the ER Program. ○ Responsible for coordinating, through the REDD+ Secretariat, the elaboration of ER monitoring reports, performance reports, and safeguard reports for the ER Program. ○ Responsible for the supervision of safeguard policies of the ER program, including Environmental and Social Management Framework (ESMF) and its reports. ○ Responsible for establishing the Resource Execution Plan from the Emission Reductions generated under the Payment for Environmental Services (PES) Program. 	<ul style="list-style-type: none"> ○ Responsible for issuing the guidelines for the application of the BSP. ○ Participates in the eligibility of monetary and non-monetary benefits. ○ Establishment of private agreements for the transfer of Emission Reductions with private owners. ○ The resources generated by the call options or other Emission Reductions mechanisms which the landowners voluntarily sign in the future will be used by FONAFIFO to pay said owners through Contract for Emission Reductions from Forests (CREF).
National System of Conservation Areas (SINAC)	<ul style="list-style-type: none"> ○ Supervision of ER Program safeguard policies, including the ESMF and its reports. ○ Responsible for establishing the Resource Execution Plan from the Emission Reductions generated under the National System of Protected Areas. ○ Responsible for generating and maintaining the land registry of State Natural Heritage (PNE), updated for monitoring events. ○ Responsible for ensuring the control and protection of Protected Wildlife Areas. ○ Responsible for ensuring the control of illegal felling of wood from private forests. ○ Responsible for ensuring comprehensive fire management. ○ Responsible for creating the National Forest Inventory. 	<ul style="list-style-type: none"> ○ Responsible for issuing the guidelines for the application of the BSP. ○ Determining the eligibility of monetary and non-monetary benefits. ○ Establishment of transfer agreements for emission reductions with public administration bodies.

Institution	Responsibilities related to the ER Program	Responsibilities in the Benefit Sharing Plan
	<ul style="list-style-type: none"> ○ Responsible for implementing actions to maintain citizen engagement in the protection of natural resources through Committees for the Surveillance of Natural Resources (COVIRENAS). ○ Responsible for including and implementing the chapters on Protected Wildlife Areas and Indigenous territories in the National Forest Development Plan developed after 2020. 	
REDD+ Secretariat	<ul style="list-style-type: none"> ○ Coordinate compliance with the various phases of the Strategy. ○ Ensure compliance with the safeguards established for the REDD+ Strategy. ○ Establish and manage specific agreements with state entities, as well as private entities or companies. ○ Submit relevant reports to the different entities. ○ Submit quarterly progress and performance reports of the REDD+ Strategy to the REDD+ Steering Committee. ○ Convene the different assemblies for the appointment of members of the Monitoring Committee, established under Article 18 of this Decree. 	<ul style="list-style-type: none"> ○ Responsible for determining the eligibility criteria of the beneficiaries. ○ Determining distribution assignments. ○ Development of CREF procedure manuals.
REDD+ Strategy Vigilance Committee	<ul style="list-style-type: none"> ○ Ensure or monitor that different stakeholders comply with the REDD+ Strategy as long as there are resources for this purpose. 	<ul style="list-style-type: none"> ○ Ensure or monitor that the different stakeholders comply with the REDD+ Strategy as long as there are resources for this purpose.
National Meteorological Institute	<ul style="list-style-type: none"> ○ Responsible for generating activity data for monitoring events according to the methodology established for the REDD+ Strategy in SIMOCUTE, the Monitoring System of Coverage, Land Use and Ecosystems. ○ Responsible for supporting the Secretariat in preparing the emissions reduction data that will be reported to the Convention in the Biennial Update Report (BUR). Responsible for periodically submitting the Biennial Reports to the UNFCCC. 	<ul style="list-style-type: none"> ○ Responsible for establishing the Execution Plan for necessary resources for Monitoring, Reporting and Verification (MRV).

Institution	Responsibilities related to the ER Program	Responsibilities in the Benefit Sharing Plan
Environmental Bank Foundation (FUNBAM)		<ul style="list-style-type: none"> ○ It is the entity in charge of managing the economic resources of the country for financing the Strategy, whether through payment for results or others. ○ It executes the net payments of the BSP according to the annual plan presented by the National REDD+ Secretariat for each stakeholder linked to the payment for results. ○ It is in charge of direct payments to the beneficiaries according to the established terms and conditions. ○ It must pay suppliers or service providers for the acquisitions made by the entities. ○ Responsible for preparing and presenting financial reports that reflect the monthly income and expenses, as well as semiannual reports and annual financial statements. ○ Responsible for hiring financial audit services (the scope will include the entire flow of funds, monetary, and non-monetary benefits).
Other State institutions that own ERs	<ul style="list-style-type: none"> ○ Institutions without any role in the ER-Program implementation 	<ul style="list-style-type: none"> ○ These are the entities that will establish an agreement with FONAFIFO for transferring environmental services rights.
Beneficiaries of privately-owned and Indigenous-owned forest lands	<ul style="list-style-type: none"> ○ Program stakeholders that will participate in the generation of emission reductions as a result of actions carried out on their properties throughout the country. 	<ul style="list-style-type: none"> ○ Program stakeholders that will receive the monetary benefits for generating emission reductions as a result of actions carried out on their properties throughout the country.

8. NATIONAL FORESTRY MONITORING SYSTEM (SNMF)³⁴:

Costa Rica's National Forestry Monitoring System (SNMF) aims to regularly provide information on forest resources in order to prepare official reports on forest emissions to be submitted to REDD+ results-based payment programs, including the REDD+ Annex of the Biennial Update Report (BUR), and the monitoring reports of the Carbon Fund's Emission Reductions Program (ERP).

The SNMF includes an Earth-Monitoring Satellite System (EMSS) and the National Forest Inventory (NFI). Land use and land use change (activity data) are collected using the EMSS. NFI gathers the data to develop emission factors, for the estimation of emissions and removals.

The country has established institutional arrangements to ensure the operation of the SNMF. The main duties of the SNMF are performed by the following institutions:

- i. National Meteorological Institute (IMN). IMN is responsible for preparing the National Greenhouse Gas Inventory (NGGI) Report and the BUR.
- ii. IMN-Se REDD+ Technical Team. The IMN is also in charge of the SNMF, together with the REDD+ Secretariat. Calculation of activity data and verification of land use and land use change maps, uncertainty analysis, and Emissions reduction (ER) estimates for the reporting of REDD+ Annex results and the Monitoring Reports of the Carbon Fund.
- iii. National System of Conservation Areas (SINAC). SINAC estimates the emissions factor (NFI).

Figure 5 illustrates the structural relationship of each institution involved in the SNMF.

It is worth noting that the country has an official platform for institutional and sectoral coordination and integration to facilitate the management and distribution of data related to land cover, ecosystems, and land use called the National Land Use, Ecosystem, and Land Cover Monitoring System – SIMOCUTE (<https://simocute.org>). This platform integrates the National Environmental Information System – SINIA (<http://sinia.go.cr/>) and the National System of Territorial Information – ucifo (<http://www.snitcr.go.cr/>).

³⁴ For more details, please see "Costa Rica's National Forest Monitoring System: Monitoring Design for the National REDD+ Strategy".

SIMOCUTE also aims to generate and disseminate standardized information on forest cover, ecosystems, and land use. It supports the development of protocols, methodologies, and tools to standardize and guarantee the quality of information.

In the case of methodologies, parameters, or indicators from international organizations and agreements to which the country is a party, the information is produced in accordance with the specific procedures established in the agreements and by the organizations (such as Forest Emission Reductions Program and REDD+ Strategy, IPCC guidelines).

In the event that a results-based payment agreement is signed with the Carbon Fund (CF), Costa Rica must also share the results of its Emissions Reduction Program (ERP) with the CF-Forest Carbon Partnership Facility (FCPF) in a manner that is consistent with the Forest Emission Reference Levels/Forest Reference Levels (FREL/FRL) presented to the Fund and in line with the CF Methodological Framework.

All in all, the SNMF has the following main functions: i. Calculation of Activity Data (EMSS), ii. Estimating Emission Factors (NFI), iii. Estimating emissions and sinks (NGGI), and iv. Reporting and verifying. Below is a description of the institutions in charge of the different functions.

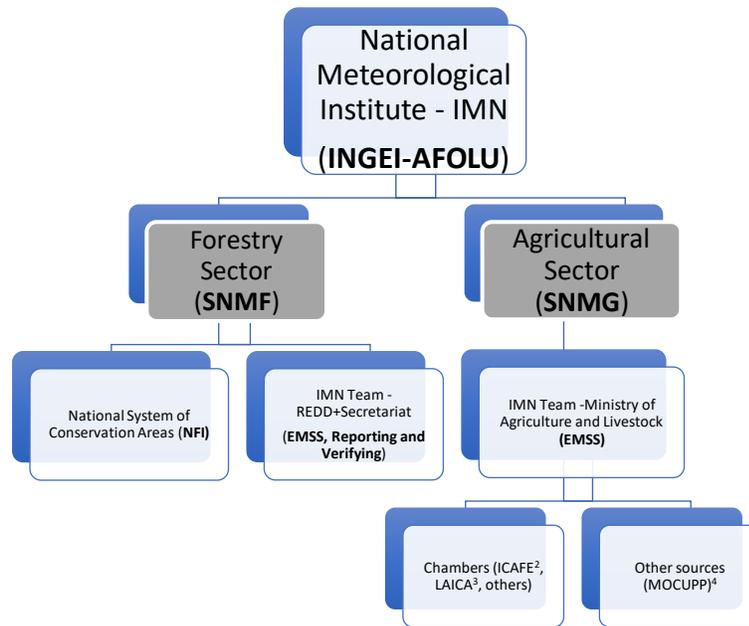


Figure 5: Stakeholders responsible for forest and agricultural emissions MRV. ²ICAFE: Coffee Institute of Costa Rica; ³LAICA: Agricultural Industrial Sugarcane League; ⁴MOCUPP: Monitoring Land Use Change within Production Landscapes³⁵.

8.1. CALCULATION OF ACTIVITY DATA

The Earth-Monitoring Satellite System (EMSS) protocol is used to calculate activity data. The EMSS is implemented by a team of technical experts trained in remote sensing and Geographic Information Systems (GIS) and experienced in the application of the IPCC and Carbon Fund Methodological Framework’s guidelines. The National Meteorological Institute (IMN) has produced its own land use maps and has developed all the national greenhouse gas inventories to date. Additionally, the REDD+ Secretariat has produced a temporal series of land use maps, used to estimate the Forest Reference Level reported to the Convention.

The EMSS protocol is generally implemented by a third party, under the supervision of a Working Group consisting of 3 IMN specialists and the REDD+ Secretariat. There is also space for technical dialogues within the working group and additional experts may be invited to examine specific matters as needed.

³⁵ Source: Meeting Aide Memoire: MRV Coordination in the Framework of SIMOCUTE, San José, Friday, 27 July 2018

8.2. ESTIMATING EMISSION FACTORS

In 2014, with the support of the REDD-CCAD-GIZ Program, Costa Rica completed its first National Forest Inventory (NFI). The inventory helped quantify and characterize the forest resources available in the country, and calculate the Emissions Factors needed to estimate carbon emissions in the framework of the National REDD+ Strategy. The design of NFI plots allows for the monitoring of carbon sinks related to agriculture, forestry and other land uses (AFOLU), although some carbon sinks have not yet been measured and should be measured in the future.

8.3. ESTIMATING EMISSIONS AND REMOVALS

The National Meteorological Institute (IMN) is responsible for the National Greenhouse Gas Inventory (NGGI) and has the necessary skills to estimate greenhouse gases in the Land Use, Land Use Change, and Forestry (LULUCF) sector. Therefore, it is in charge of calculating forest emissions/removal. This also ensures that estimates are made within the NGGI framework and that only one estimate of emissions and removals is made for REDD+.

8.4. REPORTING

REDD+ Reports or Technical Annexes are drafted by the REDD+ Secretariat in Costa Rica, with the support of the National Meteorological Institute (IMN) for the final estimation of emissions and removals. The REDD+ Secretariat must also complete reports under the Carbon Fund (CF) Forest Country Partnership Framework (FCPF), as well as summaries of the implementation of REDD+ safeguards that must accompany the Technical Annex submitted in the Biennial Update Report (BUR) for results-based payments.

The Program Entity will first monitor and report on the implementation of the Benefit Sharing Plan six (6) months after receipt of the first Periodic Payment and annually thereafter.

Reporting contents are presented below, following recommendations included in the FCPF Guidance Note on Benefit Sharing for ER Programs (Annex 2: Information on the implementation of the Benefit-Sharing Plan).

Reporting contents

I. General terms of the BSP (Benefit Sharing Plan).

- (i) Backgrounds and agreed commitments and their compliance in the BSP;
- (ii) Effectiveness of the benefit distribution provisions agreed in the BSP;
- (iii) Amendments to the BSP if necessary to ensure the fulfillment of the agreed commitments;
- (iv) Forms of promotion and visibility of the BSP.

II. Monitoring of the Benefit Sharing Plan

1. Institutional provisions.

1.1 Status of the institutional bodies in charge of implementation.

1.2 Legal or administrative regulations in force during the implementation of the BSP.

1.3 Specifications of the system or systems used for registering the distribution of benefits and the obligations linked to the eligible beneficiaries.

1.4 Report on the GRM and its treatment or support.

2. Report on benefit distribution

2.1 Information on distribution of all economic and non-economic benefits during the notice period.

2.2 Information on number and type of beneficiaries who have received benefits during the notice period (type of benefit distributed, criteria for benefit distribution, processes and periods of benefit distribution, the identity of the beneficiaries, among others).

2.3 Effectiveness of the mechanisms designed to ensure transparency and accountability during the implementation of the BSP.

2.4 Impact of the BSP on the objectives of the Emission Reduction Program.

2.5 Mechanisms in use for benefit verification as part of the program activities.

2.6 Impact of the program on beneficiaries once the benefit distribution is completed.

3. Environmental and social management measures for the BSP.

3.1 Please determine the management measures regarding environmental and social aspects of the BSP activities.

III. Recommendations for the improvement or modification of the BSP.

3.1 Specific recommendations for improvement of the BSP.

3.2 Identification of barriers for specific benefit distribution.

3.3 Identified risks for BSP sustainability or effectiveness.

3.4 Plan implementation schedule.

Table 15. Template to report the number and type of beneficiaries who received benefits during the reporting period

	Number of persons		
	Economic	Non-economic	TOTAL
Men			
Women			
TOTAL			

	% of shared economic benefits
Men	
Women	
TOTAL	

% of shared economic benefits

CSO (Civil Society Organizations)	
Indigenous Peoples	
Local communities	
TOTAL	

8.5. VERIFICATION

The Forest Reference Level (FRL) and reported results presented by the country through the Technical Annex are subject to external review. In the case of the FC-FCPF, the review is carried out by the Technical Advisory Panel (TAP) and, in the case of the UNFCCC, by the Assessment Team (AT) appointed by the UNFCCC Secretariat.

In all cases, the IMN-REDD+ Secretariat Working Group, with the support of external experts, is in charge of responding to comments received and making the necessary adjustments to the FREL/FRL or the reported results.

9. SAFEGUARDS INFORMATION SYSTEM³⁶

Costa Rica's environmental regulatory framework is very robust and consolidated, especially due to the country's long history dealing with environmental matters, and specifically through the Payment for Environmental Services (PES) Program, which has led to significant experience in the application of international safeguards, such as the World Bank's Operational Policies, which have been part of the loan agreements for Ecomercados I and II projects. In this sense, the National REDD+ Strategy will respect and leverage the existing legal regulations, institutions, and development objectives in force in the country, and will also adopt the necessary measures to ensure that the implementation of the Strategy does not cause any negative impact on the country's population or environment.

Like the National Forest Financing Fund (FONAFIFO) and the National System of Conservation Areas (SINAC), the National Center for Geo-Environmental Information (CENIGA) is an office of the Ministry of Environment and Energy whose main responsibility is to ensure the maintenance of the National Environmental Information System (SINIA) to compile and produce official reports on the state of the environment in the country. It is currently working on defining the political-conceptual framework of the National Land Use, Ecosystem, and Land Cover Monitoring System

³⁶ For more details, please see document final report on SIS design.

(SIMOCUTE). The National Forest Monitoring System (NFMS) will be an essential part of this, so as to ensure consistency between the two. Likewise, CENIGA will manage the Safeguards Information System (SIS), in coordination with the related entities, and will play an active role in monitoring the progress of the National REDD+ Strategy's implementation.

The development and implementation of SIMOCUTE will help formalize the procedures, methodologies, protocols, and other technical tools and information to be officially used by State institutions, as well as private ones, for the presentation information related to Costa Rica's forests.

The following objectives were set out in the SIS for monitoring safeguards:

- a) Collect and present relevant information showing the United Nations Framework Convention on Climate Change (UNFCCC) the approach and respect for the safeguards adopted at Conference of the Parties (COP) 16 throughout the implementation of REDD measures (legislative, administrative).
- b) Provide a group of indicators that allows for timely decisions on risks that need to be addressed.
- c) Contribute to the preparation of country reports related to the state of the environment.
- d) Make information accessible to different groups of stakeholders relevant to REDD, as well as for organizations that constitute sources of financing and cooperation.

Figure 6 and Figure 7 show the elements and operating scheme of the SIS. The System will include indicators and information that are required to be monitored for the Environmental and Social Management Framework (ESMF), not only in terms of the framework but also the World Bank's Operational Policies.

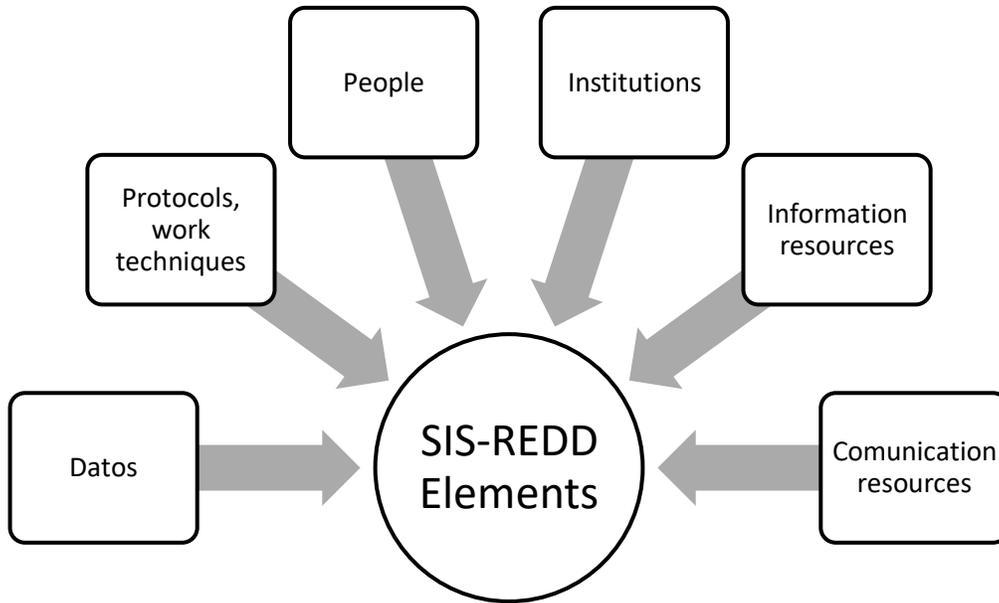


Figure 6: Elements of the Information System on the approach to and respect for REDD safeguards during the process of development and implementation of the REDD+ Strategy, measures, and activities.

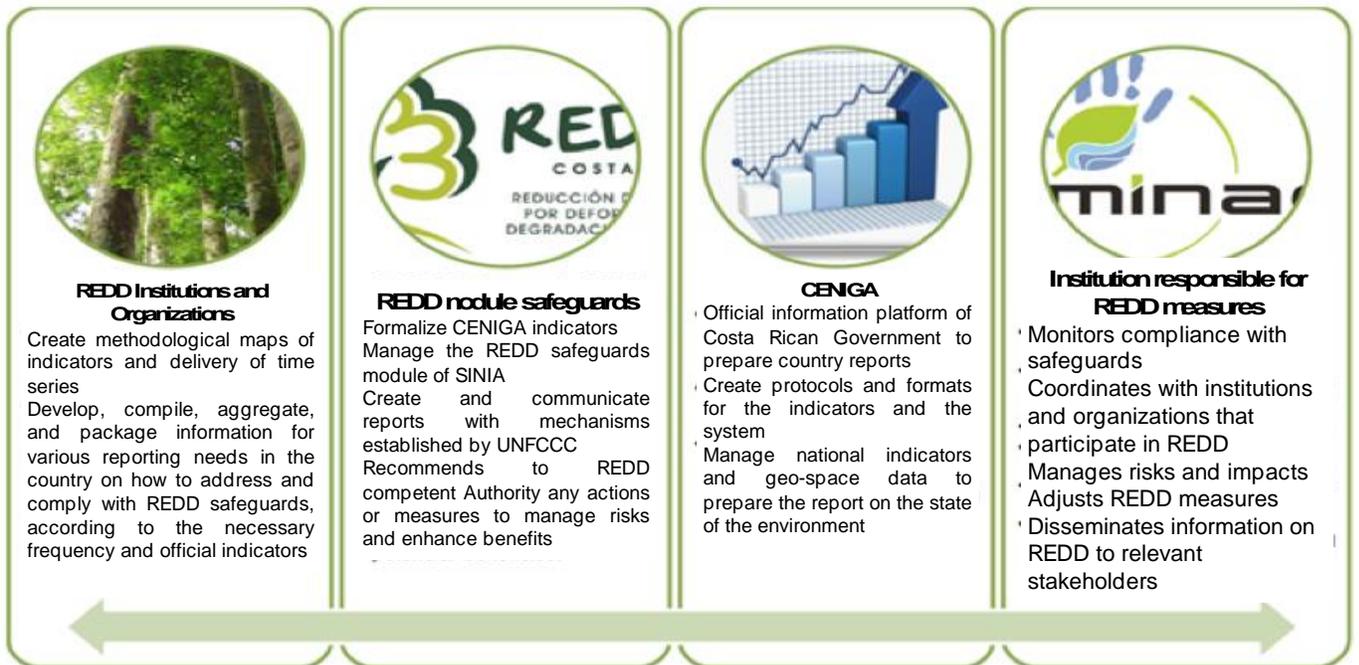


Figure 7: SIS Operating Scheme.

9.1. SAFEGUARDS AND THE BSP

In 2018, the ESMF was designed for the Emissions Reduction Program (ERP). It considers compliance with national social, environmental, and land-tenure legislation and standards. The ESMF's annexes include the Involuntary Resettlement Policy Framework (MPRI) and the for Indigenous Peoples Planning Framework (MPPI)³⁷.

In addition, Article 10 of Executive Decree 40464 - MINAE, establishes the obligation of the Government of the Republic to abide by the safeguards defined in the Convention on Climate Change, and its subsequent decisions. The social and environmental safeguards are intended to prevent and mitigate any direct or indirect negative impact on both ecosystems and the population, particularly Indigenous communities and territories.

Additionally, and as described in Section **Error! Reference source not found.**, for this Benefit Sharing Plan (BSP) the safeguards considerations defining the procedures and eligible and ineligible uses of the benefits received by each beneficiary group apply.

Of importance in the design of the BSP are the safeguards established in COP 16, Appendix I, Paragraph 2, which should be applied to *“Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.”*

These safeguards refer, among other issues, to the complementarity and compatibility that must exist between the measures adopted and the objectives of international programs and conventions. It also refers to respecting the rights of Indigenous peoples and local communities, national laws, and guaranteeing their participation.

Also considered are the World Bank Operational Policies (OP) applicable during the implementation of the ERP, and therefore also the National REDD+ Strategy. These policies address the social and environmental risks and damages that may arise from projects financed by the World Bank. Specifically in the case of Costa Rica, these policies seek to ensure policies and actions do not have undesirable effects on the social actors involved and the environment,

³⁷ The ESMF document can be accessed in the following link:

<https://drive.google.com/open?id=1meNYca1EHmu2zE2Kff-z4LYgLzRvqOCC>

or that that if they do, that such effects can be mitigated in a timely manner. The OP considered are:

- OP 4.01: Environmental Assessment
- OP 4.04: Natural Habitats
- OP 4.09: Pest Control
- OP 4.10: Indigenous peoples
- OP 4.11. Cultural and Physical Resources
- OP 4.12: Involuntary Resettlement
- OP 4.36: Forests

On the other hand, it should be noted that this BSP conforms to the safeguards considerations included in the Forest Carbon Partnership Facility's (*FCPF*) *Note on benefit sharing for the emission reductions programs under the Fund to reduce carbon emissions through forest protection and the Biocarbon Fund initiative for sustainable forest landscapes*, which establishes the responsibilities of the entity and the supervision of the World Bank during the preparation of the corresponding instruments.

The REDD+ Secretariat will take into consideration the following elements for the implementation of the BSP in the monitoring reports:

- i. **Monetary Benefits:** In the case of monetary benefits, measurements of the impact of the resources received by all beneficiaries of ERs will be based on compliance with the activities set out in the work plans submitted to the REDD+ Secretariat, except for the resources allocated for the payment of results through Contract for Emission Reductions from Forests (CREF). In the CREF mechanism, they will be monitored at the contract level or record that can be established, identifying different social and environmental aspects and their contribution to meeting the targets. The REDD+ Secretariat will periodically receive reports on the execution of the Environmental Bank Foundation's (FUNBAM) financial resources with the progress of the institutions' work plans. In addition, the Secretariat must measure the impact on planned Emission Reductions for monitoring events.
- ii. **Non-Monetary Benefits:** Non-monetary benefits will be measured according to the activities listed in Annex 6 and can be systematized through the different reports that keep track of the Cancun safeguards, the World Bank's Operating Policies, the reports on the

execution of the Integral Development Associations (ADIs), Information, Feedback, and Complaints Mechanism (MIRI), and actions related to SINAC and FONAFIFO.

All the information collected will serve as the basis for a report prepared by the Secretariat on the progress and contributions of the BSP to the implementation of the National REDD+ Strategy. Figure 8 illustrates the proposed means of monitoring the BSP activities.

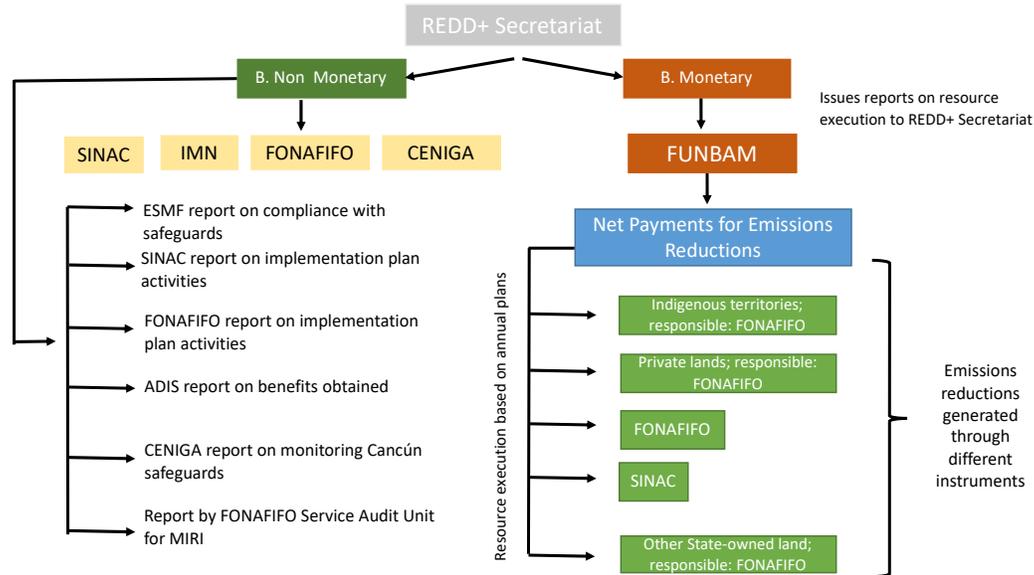


Figure 8: Proposed monitoring for Benefit Sharing Plan activities.

10. INFORMATION, FEEDBACK, AND COMPLAINTS MECHANISM

The Information, Feedback, and Complaints Mechanism (MIRI) is requirement established for countries that develop REDD+ Strategies, to provide an appropriate instrument for receiving and addressing the concerns that relevant stakeholders have with respect to the development and implementation of REDD+ actions or activities, which may eventually affect their property, participation, or access rights.

The MIRI aims to provide REDD+ stakeholders with an efficient, universally accessible mechanism based on a culturally-appropriate and current legal and institutional framework, through which relevant stakeholders can request information, submit proposals, provide recommendations (feedback), and submit complaints or disagreements with the entities linked to the implementation of the National REDD+ Strategy, in order to guarantee their effective

participation in the process and the resolution of issues arising from the possible infringement of their rights from the implementation of REDD Policies, Actions, and Measures.

In Costa Rica, this mechanism provides a communication channel between the Government and relevant stakeholders through the Service Auditing System, a neutral and functionally independent entity to clarify information, express disagreements, and generate feedback on the Strategy. A wide range of media are made available to relevant stakeholders to address the particularities of the different groups and to ensure the highest possible degree of inclusion.

With a view to making the process as effective as possible, a series of information and training sessions with indigenous communities, groups of small and medium agroforestry producers, forest owners grouped in organizations, and other stakeholders, generated valuable inputs for the final design of the mechanism to ensure it fosters dialogue with sectors in the case of disagreements regarding the implementation of ENREDD.

The mechanism is based on the recent Law Regulating the National System Auditing Service, Law No. 9158 of September 10, 2013, and Article 46 establishes its regulation (Annex 1). This Law aims to regulate the creation, organization, and operation of the system as a mechanism to guarantee the rights of the users of the services. The System is composed of the Ministry of National Planning and Economic Policy (MIDEPLAN) as the governing body, the Technical Secretariat, the Registered Auditing Service Offices and the users of the services. In addition, said Law requires the creation of a Auditing Service Unit in each public institution.

The REDD+ Secretariat has specified that the National Forest Financing Fund's (FONAFIFO) Auditing Service Unit shall be responsible for the general management of the mechanism, with the support of the REDD+ Secretariat, taking charge of accounting and reports. For this purpose, a clear definition of responsibilities and procedures must be carried out to deal with matters that are beyond the powers of FONAFIFO.

A second communication platform is the REDD+ Strategy Monitoring Committee, which is made up of all relevant stakeholders, and whose essential function will be to ensure compliance with the Strategy, in its various phases. The main function of the Monitoring Committee will be to ensure or monitor that the different stakeholders comply with the REDD+ Strategy as long as there are resources for this purpose. It may request the information it deems necessary from public entities, as well as establish notes of complaint as appropriate, when the execution of the Strategy is not fulfilled.

Another channel for communicating the REDD+ Strategy includes technological platforms, such as the website, informational leaflets, social networks, reports and, when necessary, the organization of informative events for relevant stakeholders.

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ANNEX 1: COST OF REDD+ STRATEGY MEASURES INCLUDED IN THE EMISSIONS REDUCTION PROGRAM AND BUDGET SOURCE.38

Policy	Action	NUM PDI-EN	Measure (PAMs)	Incremental Funding WITH REDD+ Resources by Source			
				Budget 2018-2024	FCPF Readiness Fund Grant	CF (ERP /CR)	Unfunded
2. Strengthen WPAs and programs for prevention and control of changes in land use and fires	2.1 Strengthen the Forest Fire Control Program	2.1.1	Encouraging the creation and implementation of campaigns for the prevention of forest fires	230,420	-	230,420	-
		2.1.2	Monitoring and fostering voluntary forest fire brigades	145,587	-	145,587	-
		2.1.3	Strengthening the Forest Fire Control Program	1,762,700	100,000	1,389,336	273,364
	2.2. Strengthen SINAC controls over changes in land use	2.2.1	Strengthening the Illegal Logging Control Program	4,544,945	-	4,544,945	-
		2.2.2	Reactivation of Natural Resource Surveillance Committees (COVIRENA), pro bono environmental inspectors and others.	50,000	50,000	-	-
3. Incentives for forest conservation and sustainable forest management	3.1. Extend coverage and flexibility of economic incentives for conservation, regeneration and management.	3.1.1	Establishment of financial mechanisms to foster Forest Management	1,764,000	-	1,764,000	-
		3.1.2	Expansion and improvement of financial mechanisms to strengthen natural reforestation (excludes IT)	2,226,000	-	2,226,000	-
	3.2. Promote sustainable forest management	3.2.1	Update PWA management plans to enable the development of REDD+ projects	1,157,100	-	-	1,157,100
		3.2.2	Revision and update of SFM indicators and criteria according to forest types in the country.	20,398	20,938	-	-
		3.2.3	Strengthening processing capacity for use of dead wood according to executive decree.	727,503	-	-	727,503
	3.3. Chain of custody for forest products free of deforestation.	3.3.1	Promotion of entire value chain of timber and forest products.	525,000	295,000	-	230,000
		3.3.2	Identification system for timber coming from production, utilization and sustainable marketing.	3,329,917	190,000	-	3,139,917

³⁸ Source: Table 32 at Ministry of the Environment and Energy. (2018). Estrategia Nacional REDD+ Costa Rica. San José, Costa Rica. https://redd.unfccc.int/uploads/4863_1_fon_estrategia_red_cr_lr.pdf

Policy	Action	NUM PDI- EN	Measure (PAMs)	Incremental Funding WITH REDD+ Resources by Source			
				Budget 2018- 2024	FCPF Readiness Fund Grant	CF (ERP /CR)	Unfunded
		3.3.3	Capacity building of oversight entities (AFE and CIAgro) to process, execute and monitor timber harvesting permits.	75,000	75,000	-	-
	3.4. Creation and implementation of REDD+ Forest Emission Reductions instrument	3.4.1	Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation.	37,170,000	-	37,170,000	-
4. Landscape and forest ecosystem restoration.	4.1. Restoration and reforestation of degraded land	4.1.2	Commercial reforestation in land with potential for degradation	621,565	41,500	-	580,065
5. Engagement of indigenous peoples	5.1. Establish Payment for Environmental Services or ER specifically for indigenous territories	5.1.1	Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation in indigenous territories.	12,600,000	-	12,600,000	-
		5.1.2	Better income for indigenous PES, information and communication in territories, publication of Indigenous PES Decree and payment of incentives in REDD+	468,363	-	-	468,363
6. Enabling conditions		6.1.1	Strengthening of national mechanisms to manage the REDD+ program	751,368	751,368	-	-
		6.1.2	Use of social outreach and participatory consultation in preparation for REDD+	279,000	279,000	-	-
		6.1.3	Preparation of REDD+ Strategy	558,764	558,764	-	-
				889,542	889,542	-	-
		6.1.4	Development of forest and land use monitoring system, and information on safeguards	131,000	131,000	-	-
				198,000	198,000	-	-
		6.1.5	Support of the national PNE land inventory beyond the control of MINAE and ABRE areas, land tenure, corresponding records and cadaster, and foster usage.	992,993	80,500	-	912,493
				77,637	-	-	77,637
		55,964	-	-	55,964		
		6.1.6	Management of REDD+ instruments (CREF and others)	2,929,712	-	2,929,712	-

Policy	Action	NUM PDI- EN	Measure (PAMs)	Incremental Funding WITH REDD+ Resources by Source			
				Budget 2018- 2024	FCPF Readiness Fund Grant	CF (ERP /CR)	Unfunded
			Total	74,283,018	3,660,612	60,000,000 LOI + 3,000,00 of call of options	7,622,406

ANNEX 2: CONSISTENCY OF REDD+ MEASURES IMPLEMENTED BY PRIVATE FOREST OWNERS AND INDIGENOUS PEOPLES TO ADDRESS THE DRIVERS OF DEFORESTATION AND FOREST DEGRADATION

Action	Measure (PAMs)	ER Program Budget 2018-2024 (US\$)	Drivers of deforestation and forest degradation	Consistent measures to address the factors of deforestation and degradation	
3.1. Extend coverage and flexibility of economic incentives for conservation, regeneration and management.	3.1.2	Expansion and improvement of financial mechanisms to strengthen natural reforestation (excludes IT)	2,226,000	Most natural forest regeneration eventually returns to other uses, most often to the same use given prior to regeneration, reinforcing the idea that the main reason for abandonment that results in new forests is the recovery of land's productive capacity and, therefore, is an integral part of the dominant land use system in a region. The R-PP studies (MINAE, 2011) show greater deforestation in new forests (secondary) than in mature forests. The new land use times series helps show that the rate of deforestation of forests that are 15 years old or less is close to 4.5% while for forests between 15 and 25 years the rate is about 2%, and less than 1% for forests over 25 years of age.	This measure attempts to use economic incentives to promote natural forest regeneration in private lands. The objective is to recover lands with forest vocation that were degraded due to soil overutilization.
	3.1.1	Establishment of financial mechanisms to foster Forest Management	1,764,000	Other economic activities are more profitable per hectare than conservation for purposes of tourism or timber-related income from forest management. Depending on the original use of the land before deforestation, close to 70% of the deforested lands are for pastureland; slightly over 20% for crops, and almost 10% for plantations. However, it is worth highlighting that of the total degenerated area, more than 65% used to be pasturelands, over 20% were crops and close to 10% were plantations. Towards the end of the land use changes time series, cattle raising lost relative importance and agricultural crops increased.	This measure seeks to mitigate the effects that the cost of opportunity for land has on deforestation, establishing economic incentives that influence the decision of agents, mostly private agents, to encourage the conservation of existing forests and carry out sustainable forest management.
3.4. Creation and implementation of REDD+ Forest Emission Reductions instrument	3.4.1	Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation.	37,170,000		
4.1. Restoration and reforestation of degraded land	4.1.2	Commercial reforestation in land with potential for degradation	621,565	Land with forest vocation which was degraded in the past due to land overuse need to be restored using commercial restoration and degraded basin restoration in the framework of the Convention to Combat Desertification.	This measure aims to promote the establishment of forest plantations. The objective is to recover lands with forest vocation that were degraded due to soil overutilization. The goal is to increase forest carbon by recovering land with forest vocation which was degraded by the

Action	Measure (PAMs)	ER Program Budget 2018-2024 (US\$)	Drivers of deforestation and forest degradation	Consistent measures to address the factors of deforestation and degradation
				overuse of its soils. This will occur through commercial reforestation and restoration of degraded river basins, in the context of the Convention to Combat Desertification.
5.1. Establish Payment for Environmental Services or ER specifically for indigenous territories	5.1.1 Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation of TL.	12,600,000	Indigenous territories need to be allowed to use their forests for their own cultural purposes. The presence of non-indigenous people controlling lands in the area is an issue. Existing mechanisms are not enough to add more territories to REDD+ actions	Indigenous peoples involved in the REDD+ dialogue see the chance to put an indigenous agenda on the government's table within the framework of alternatives to climate change. Their agenda is based on their own world view: land governance, right to land, and right to natural resources. By encouraging them to achieve their objectives, they will surely participate in local REDD+ actions that will be seen as a national reduction of net emissions. Measures dealing with sanitation, acknowledgement of their world view and their own governance, and adaptation of mechanisms such as PES will help them preserve forest cover and reduce degradation. External agents are prevented from intervening there. Besides enabling a participatory process, this complies with the Convention and with the World Bank safeguards related to considering indigenous populations in public policies.
	Total	54,381,565		

ANNEX 3. NON-MONETARY AND NON-CARBON BENEFITS OF THE COSTA RICAN EMISSIONS REDUCTION PROGRAM

Policies, actions and measures	Non-Monetary Benefits	Non-Carbon Benefits:	
		Forest Governance improvement	Environmental and Social
Policy 2: Strengthen WPAs and programs for prevention and control of changes in land use and fires.			
<p>2.1 Strengthen the Forest Fire Control Program</p> <p>2.1.1. Encouraging the creation and implementation of campaigns for the prevention of forest fires. 2.1.2. Monitoring and fostering voluntary forest fire brigades. 2.1.3. Strengthening the Forest Fire Control Program</p>	<p>i. Awareness-raising among the civil society on issues of forest fire prevention</p> <p>ii. Strengthening institutional capacities to fight forest fires, illegal logging and changes in land use.</p> <ul style="list-style-type: none"> • Training staff to adequately respond to forest fires. • More voluntary fire brigades to improve forest fire monitoring. • New forest fire control equipment and supplies. • New forest fire control technologies and training. 	<p>i. Decreasing the annual area of forest fires.</p>	<p>i. Maintenance of the provision of ecosystem services³⁹</p> <p>ii. Reduction of vulnerability to water stress and climate change.</p> <p>iii. Biodiversity Maintenance</p> <p>iv. Control of soil and water erosion.</p> <p>v. Prevention of health problems in humans and animals, linked to smoke from fires.</p> <p>vi. Reduction of negative effects in bio- geo-chemical cycles dependent on soil biota.</p>
<p>2.2. Strengthen SINAC controls over changes in land use</p> <p>2.2.1. Strengthening the Illegal Logging Control Program 2.2.2. Reactivation of Natural Resource Surveillance Committees (COVIRENA), pro bono environmental inspectors and others.</p>	<p>ii. Strengthening institutional capacities to fight forest fires, illegal logging and changes in land use.</p> <ul style="list-style-type: none"> • Training for personnel in charge of controlling illegal logging and changes in land use. • Reactivation of Natural Resource Surveillance Committees (COVIRENA), • Pro bono environmental inspectors. 	<p>i. Decreasing the percentage of annual volume of illegally processed wood;</p>	<p>i. Maintenance of the provision of ecosystem services</p> <p>ii. Reduction of vulnerability to water stress and climate change.</p> <p>iii. Biodiversity Maintenance</p> <p>iv. Control of soil and water erosion.</p>
Policy 3: Incentives for forest conservation and sustainable forest management			

³⁹ Vega-Araya, M. (2015). Fortalecimiento de la Estrategia Control y Protección de Incendios. Retrieved from http://reddcr.go.cr/sites/default/files/centro-de-documentacion/report-incendios_4.pdf

Policies, actions and measures	Non-Monetary Benefits	Non-Carbon Benefits:	
		Forest Governance improvement	Environmental and Social
<p>3.1. Extending coverage and flexibility of economic incentives for conservation, regeneration and management.</p> <p>3.1.1. Establishment of financial mechanisms to foster Forest Management 3.1.2. Expansion and improvement of financial mechanisms to strengthen natural reforestation (excludes IT)</p>		<p>i. Financial mechanisms established to promote sustainable forest management of secondary and primary forests.</p> <p>ii. Expansion and improvement of financial mechanisms to favor natural regeneration in private lands.</p> <p>iii. Improvement of sustainable forest management for the timber industry</p>	<p>i. Maintenance of the provision of ecosystem services</p> <p>ii. Reduction of vulnerability to water stress and climate change.</p> <p>iii. Biodiversity Maintenance</p> <p>iv. Control of soil and water erosion.</p> <p>v. Improvement of the socioeconomic conditions of forest owners.</p>
<p>3.2. Promote sustainable forest management</p> <p>3.2.1. Updating PWA management plans to enable the development of REDD+ projects. 3.2.2. Revision and update of SFM indicators and criteria according to forest types in the country. 3.2.3. Strengthening processing capacity for use of dead wood according to executive decree.</p>	<p>i. Improvement of sustainable forest management for timber industry production.</p> <p>ii. Duly trained personnel at SINAC, MINAE and CIAGRO to strengthen the role of CRA, CORAC and COLAC in SFO strategies;</p> <p>iii. Small producers and farmers using dead wood from forests in view of greater legal applications to use timber;</p> <p>iv. Training activities for stakeholder organizations;</p>	<p>i. New regional standards for sustainable forest management (SFM) published in the Decree, including the revision and update of management indicators and criteria by type of forest in the country;</p> <p>ii. Collegial bodies and participatory decision-making processes for sustainable forest management;</p>	
<p>3.3. Chain of custody for forest products free of deforestation.</p> <p>3.3.1. Promotion of entire value chain of timber and forest products. 3.3.2. Identification system for timber coming from production, utilization and sustainable marketing. 3.3.3. Capacity building of oversight entities (AFE and CIAgro) to process, execute and monitor timber harvesting permits.</p>	<p>i, Chain of custody promoted for key forest products;</p> <p>ii. Ongoing implementation of the timber forensic identification system;</p> <p>iii. Audit entities (AFE and CIAgro) with greater capacity to process, execute and monitor timber extraction;</p>	<p>ii. Agreements signed among relevant stakeholders to promote conservation and sustainable forest operations;</p>	

Policies, actions and measures	Non-Monetary Benefits	Non-Carbon Benefits:	
		Forest Governance improvement	Environmental and Social
Policy 4: Landscape and forest ecosystem restoration.			
4.1. Restoration and reforestation of degraded land 4.1.2. Commercial reforestation in land with potential for degradation			<ul style="list-style-type: none"> i. Ecosystem restoration ii. Recovery of ecosystem services iii. Reduction of vulnerability to water stress and climate change. iv. Recovery of biodiversity. v. Control of soil and water erosion. vi. Improvement of the socioeconomic conditions of forest owners.
Policy 5: Engagement of indigenous peoples			
5.1. Establish Payment for Environmental Services or ER specifically for indigenous territories 5.1.1. Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation of TL. 5.1.2. Better income for indigenous PES, information and communication in territories, publication of Indigenous PES Decree and payment of incentives in REDD+		<ul style="list-style-type: none"> i. Design and implementation of a new results-based payment instrument for Indigenous Territories - Contract to Reduce Forest Emissions (CREF); ii. The current PES is adapted to increase access to intellectual property; iii. IP concepts and world views related to forests are recognized in the implementation of the ER Program and the BSP; iv. Indigenous territories included in the ER Program; vi. Indigenous peoples are involved in the monitoring and evaluation of the ER Program. 	<ul style="list-style-type: none"> vi. Improvement of the socioeconomic conditions of forest owners.

Annex 4. List of emails sent to disseminate the draft version of the Benefit Sharing Plan

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Annex 5. Activities of the ENREDD Implementation Plan supported directly by institutions with ERPA funds.

National Forestry Financing Fund (FONAFIFO)

1. Promotion of low carbon emission production systems.

- Building forestry-related capacities within other economic activities
- Fostering funding for trees through the Forest Plantation Harvesting Program (FPHP)
- Broadening coverage of integrated farms
- Expansion and improvement of PPES Agro-forestry Systems (AS) (excluding IT)
- Implementing monitoring protocols for mixed territories (forestry and agricultural crops).

3. Incentives for forest conservation and sustainable forest management

- Establishment of financial mechanisms to foster Forest Management
- Expansion and improvement of financial mechanisms to strengthen natural reforestation (excludes IT)
- Incorporating silvo-cultural and silvo-pastoral quality management criteria among the PES evaluation criteria for reforestation and SAF.
- Creation and implementation of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation.

4. Landscape and forest ecosystem restoration

- Commercial reforestation in land with potential for degradation

5. Participation of indigenous peoples

- Better income for indigenous PES, dissemination in territories, publication of Indigenous PES Decree and payment of incentives in REDD+.
- Application of specific financial mechanisms for IT in SAF

National System of Conservation Areas (SINAC)

1. Promotion of low carbon emission production systems.

- Undertaking forest extension work within SINAC
- Promoting certification systems, which are affordable for producers.

2. Strengthen WPAs and programs for prevention and control of changes in land use and fires

- Encouraging the creation and implementation of campaigns for the prevention of forest fires
- Monitoring and fostering voluntary forest fire brigades
- Strengthening the Forest Fire Control Program

- Strengthening the Illegal Logging Control Program
- Reactivation of Natural Resource Surveillance Committees (COVIRENA), pro bono environmental inspectors and others.
- PWA administration and management.
- Engaging private actors in wildlife areas, biological reserves and national parks into REDD.
- National PNE land inventory beyond the control of MINAE and ABRE areas, land tenure, corresponding records and cadaster, and promotion of usage.

3. Incentives for forest conservation and sustainable forest management

- Updating PWA management plans to enable the development of REDD+ projects.
- Revision and update of SFM indicators and criteria according to forest types in the country
- Strengthening processing capacity for use of dead wood according to executive decree
- Strengthening the role of CRA, CORAC and COLAC, and train staff at SINAC, MINAE, CIAGRO in forest management strategies
- Strengthening CACs and other regional and local organizations, public and private, and support producers and owners
- Promotion of entire value chain of timber and forest products
- Identification system for timber coming from production, utilization and sustainable marketing
- Capacity building of oversight entities (AFE and CIAgro) to process, execute and monitor timber harvesting permits.

4. Landscape and forest ecosystem restoration

- Restoring degraded river basins
- Working with local governments on a campaign to plant trees in public areas

5. Participation of indigenous peoples

- Developing a participatory process to validate the National Biodiversity Strategy and Policy
- Designing an indigenous population chapter in the National Forest Development Plan
- Updating management plans to consider traditional indigenous uses
- Designing a community-based forest monitoring strategy in critical areas and in indigenous territories

REDD+ Secretariat

1. Promotion of low carbon emission production systems.

- Promoting certification systems, which are affordable for producers.

4. Landscape and forest ecosystem restoration

- Exploring leverage mechanism for REDD+ actions in county master plans
- Working with local governments on a campaign to plant trees in public areas

5. Participation of indigenous peoples

- Creation and enforcement of Contract for Emission Reductions from Forests (CREF) for results-based payments in conservation in indigenous territories.
- Supporting MINAE's Commission on Indigenous Affairs (CAIM)

6. Enabling conditions

- Strengthening of national mechanisms to manage the REDD+ program
- Using consultation, participation social outreach in preparation for REDD+
- Implementing REDD+ Strategy
- Development of forest and land use monitoring system, and information on safeguards
- Managing REDD+ instruments (CREF and others)
- Submitting reports to entities with which emissions reduction purchase agreements have been signed
- Any other condition under the responsibility of the Secretariat