Funding Proposal

FP144: Costa Rica REDD-plus Results-Based Payments for 2014 and 2015

Costa Rica | United Nations Development Programme (UNDP) | Decision B.27/01

13 November 2020

GREEN CLIMATE FUND

Funding Proposal

REDD-plus results based payments

Version 1.0
Accredited entities are expected to develop a funding proposal in close consultation with the relevant national designated authority and REDD-plus entity/focal point, in response to the request for proposals for the Pilot Program for REDD-plus results-based payments (Decision B.18/07). The funding proposal should follow the terms of reference of that Board decision and will be assessed per Stage 2 (sections 2 – 5) of the scorecard annexed to the same Board decision.

Program Title:	Costa Rica REDD-plus Results-Based Payments for 2014 and 2015
Country:	Costa Rica
Results period in this proposal:	2014 and 2015
National Designated Authority:	Andrea Meza Murillo Minister of Environment and Energy Phone: (+506) 2257 9318 Email: ameza@minae.go.cr
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Accredited Entity:	United Nations Development Program, UNDP
Date of first submission/ version number:	*2020-03-11 [V.1]*
Date of current submission/ version number	*2020-10-06 [V.5]*

Please submit the completed form to **fundingproposal@gcfund.org**
Please use the following naming convention in the subject line and file name:
"[Country] REDD-plus RBP FP-[Accredited entity]-yyyymmdd"

A. Proposed and projected REDD-plus results

Please provide the following information:

Total volume of REDD-plus results achieved in the results period as reported in the country's BUR technical annex (tCO_2eq):	*Indicate the total volume of achieved results during the results period (31 December 2013 to 31 December 2018) that includes the results offered to the pilot programme.* The total volume of REDD-plus results achieved by Costa Rica between 2014 and 2015 as reported in the 2019 second Biennial Update Report (BUR) Technical Annex is 14,794,749 t CO2e. ***Table 1.*** *Total volume of REDD-plus results achieved between 2014 and 2015* **Year** | **REDD-plus results (tCO_2e/ year)** **2014** | 7,489,244 t CO2e **2015** | 7,305,505 t CO2e **Total** | 14,794,749 t CO2e Not all the achieved results are being offered to the GCF REDD-plus results-based payments (RBP) pilot programme. Deductions have been made from the achieved volume to avoid double payments and to address the risk of reversals (see section B.2.2 *viii* and C.1 *vi* for more details).
A= Achieved volume of REDD-plus results offered to the pilot programme in this proposal (tCO_2eq):	*Indicate the volume of achieved results starting at the earliest 31 December 2013 that will be considered for the pilot programme.* The total volume of achieved REDD-plus results submitted in this proposal by Costa Rica to the GCF for payments is 14,079,777 t CO2e. ***Table 2****. Achieved volume of REDD-plus results offered to the pilot programme* **Year** | **REDD-plus results (tCO_2e/ year) offered to the pilot programme in this proposal** **2014** | 7,133,666 t CO2e **2015** | 6,946,111 t CO2e **Total** | 14,079,777 t CO2e
B= Expected volume of REDD-plus results to be achieved in the following years of the eligibility period (tCO_2eq):	*Indicate the results that are expected to be achieved in each of the subsequent years of the eligibility period (until 31 December 2018) that may be offered to the GCF for payments. Explain how the indicative volume of results is a significant volume for each subsequent year for the remainder of the eligibility period* The table below presents an indication of the results that Costa Rica expects to achieve between 2016 and 2018.

Table 3. Expected volume of REDD-plus results to be achieved in the following years of the eligibility period

Year	Expected volume of REDD-plus result (tCO_2e) to be achieved
2016	7,397,375
2017	7,397,375
2018	7,397,375
Total	22,192,125

The estimates presented in the table above are based on the UNFCCC technically assessed FREL. These are the best estimates that can be provided at this stage. The actual REDD-plus results achieved for 2016-2018 will be estimated and reported in Costa Rica's next REDD-plus Technical Annex submitted as part of the 2021 third BUR; following all the protocols and methodological framework from the national forest monitoring system.

The estimates for 2016-2018 are based on the average annual emission reductions (ERs) during the period 2014-2015. The volume of results expected to be achieved for each of the subsequent years of the eligibility period is similar to the volume achieved in 2014 and 2015 and therefore represents a significant volume.

A+B =Total volume expected to be submitted to the pilot programme (tCO_2eq):

Indicate the total volume, including the results achieved and offered to the pilot and the expected results to be achieved. The total expected volume could result from the submission of more than one funding proposal.

Between 2014 and 2018, Costa Rica is expected to achieve a total emission reduction from deforestation of about 36,986,874 tCO_2e. The indicative volume which could offered to the GCF for the total period will be 26,944,881 tCO2e.

Table 4. Total volume expected to be submitted to the pilot programme

Year	Expected volume of REDD-plus result (tCO_2e) to be achieved	Expected volume of REDD-plus result (tCO_2e) to be offered to the GCF
2014	7,489,244	7,133,666
2015	7,305,505	6,946,111
2016	7,397,375	4,050,044
2017	7,397,375	4,050,044
2018	7,397,375	4,050,044
Total (2014-2018)	36,986,874	26,229,909

It is important to note that some uncertainty remains regarding the eligibility of REDD+ results for payment under different schemes. In this context, Costa Rica seeks to diversify its sources of REDD+ results-based payments (RBPs) and to this end is developing a strategy for capturing RBPs from market and non-market sources based on international partnerships in line with the San Jose principles.

With regards to the REDD+ results during the GCF RBP pilot programme eligibility period (2014-2018), part of the ERs of 2016 and 2017 could be submitted to the GCF future RBP program if eligible and funding available. Alternatively, these results will be valued through emerging market mechanisms such as *The REDD+ Environmental Excellence Standard (TREES)* from the Architecture for REDD+ Transactions ("ART") initiative. For the year 2018, a volume of 3,347,331 tCO2e is already committed as part of an emission reduction

payment agreement (ERPA) with the Forest Carbon Partnership Facility (FCPF) Carbon Fund of the World Bank. The methodological framework of the FCPF Carbon Fund has been used to determine the eligible volume for an ERPA with the FCPF[1]. Thereby, the remaining 4,050,044 tCO2e, out of 7,397,375 tCO2e of 2018 ERs, could be submitted to the GCF REDD+ RBP program. Table 5 below provides preliminary information of the expected volume of REDD-plus result to be paid by market buyers, by FCPF and by GCF in the coming years.

Table 5. *Expected volume of REDD-plus result to be paid by market buyers and by GCF*

Year	Expected volume of REDD-plus results (tCO_2e) to be achieved	Expected volume of REDD-plus results (tCO_2e) to be offered to market buyers	Volume of REDD-plus results (tCO_2e) committed to the FCPF Carbon Fund	Expected volume of REDD-plus results (tCO_2e) available for payment from the GCF*
2014	7,489,244	19,436	-	7,469,807
2015	7,305,505	32,089	-	7,273,415
2016	7,397,375	3,347,330	-	4,050,044
2017	7,397,375	3,347,330	-	4,050,044
2018	7,397,375	-	3,400,000*	4,050,044
Total 2014 - 2018	36,986,874	6,694,660	3,400,000	26,229,909

*see section B.2.2 *viii* for more details

B. Carbon elements

B.1. Forest Reference Emission Level / Forest Reference Level (FREL/FRL)

Please provide link to the FREL/FRL submission: https://redd.unfccc.int/files/frel_costa_rica_modified.pdf

Please provide link to the UNFCCC Technical Assessment Report: http://unfccc.int/resource/docs/2017/tar/cri.pdf

B.1.1. UNFCCC Technical Assessment and Analysis process

(i) Consistency of the FREL/FRL: Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the consistency of the FREL/FRL with the GHG Inventory, including the definition of forest used. If the report identifies inconsistencies, explain these inconsistencies between the GHG inventory and FREL/FRL, and describe how they will be resolved in the next GHG inventory or FREL/FRL.

The Technical Assessment Report (TAR) noted some inconsistencies between the activity data (AD) and methodologies used in the latest GHG inventory included in Costa Rica first BUR)[2] and the information used to assess the Forest Reference Emission Level (FREL), namely:

a. The national GHG inventory includes non-CO2 emissions from biomass burning, while non-CO2 emissions from biomass burning are included in the FREL for the period 1986–1996 but are excluded in the post-1996 period;
b. The national GHG inventory includes carbon stock change estimates for plantations but not for primary and secondary forests in the forest land remaining forest land category, while the FREL includes both primary and secondary forests, stating that plantations are included under secondary forest; and the

[1] This framework can be consulted at: https://www.forestcarbonpartnership.org/system/files/documents/FCPF%20Carbon%20Fund%20Methodological%20Framework%20revised%202016_1.pdf

[2] https://unfccc.int/sites/default/files/resource/GHG%20inventory%20report.pdf

information on plantations used in the GHG inventory has been deduced from the 2014 National Agriculture Census.

Costa Rica has enhanced the consistency of the FREL with the GHG inventory, through recalculation of the GHG inventory for the years 1990, 1995 and 2000; to be included in the country's next national communication to the United Nations Framework Convention on Climate Change (UNFCCC).

The forest definition Costa Rica has used for the construction of FREL and the Technical Annex on REDD+ results is as follows (see Section 3.2-d of Modified Forest Reference Level of Costa Rica[3]):

- Minimum area: 1.00 ha;
- Minimum forest canopy cover: 30%;
- Minimum height of trees: 5.00 m.

(ii.b) If a country is considered HFLD: Please provide the basis/justification for this classification.

While Costa Rica is not proposing an adjustment to its FREL for being a High Forest cover and Low Deforestation (HFLD) country, it has been actively participating in global HFLD countries' coalitions.

According to the "Krutu of Paramaribo Joint Declaration on HFLD Climate Finance Mobilization", HFLDs are defined as having more than 50% forest cover and a deforestation rate under 0.22%. Costa Rica can be considered an HFLD country according to the following criteria:

a) More than 60% of the territory of Costa Rica is currently covered by forests. According to the Costa Rica Technical Annex on REDD+ results for 2014-2015, the country has 3,103,394 ha of stable forest cover[4]
b) Costa Rica has stopped and reversed deforestation. The country shows a decreasing trend of average deforestation of primary forest between 1986 to 2015[5]; and
c) Costa Rica has recovered almost 1,000,000 ha of forest cover. The country shows a steady growth of secondary forest area from 1986 to 2015[6].

(ii.c) FREL/FRL adjustments for a HFLD country: *If adjustments made, please provide information that the adjustment does not exceed 0.1% of the carbon stock over the eligibility period in the relevant area and/or exceed 10% of the FREL/FRL to reflect quantified, documented changes in circumstances during the reference period that likely underestimate future rates of deforestation or forest degradation during the eligibility period*

Not applicable. No adjustments have been made.

(iii) FREL/FRL in accordance with 12/CP.17: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the quantified estimate of the FREL/FRL. Include whether the FREL/FRL was constructed in accordance with the guidelines in Decision 12/CP.17; specifically on the modalities for FREL/FRL and whether the raised issues were material or not material to the quantified estimate of the FEEL/FRL.*

According to the TAR, Costa Rica modified FREL submission is in overall accordance with the guidelines for the submission of information on FRELs/FRLs (as contained in the annex to decision 12/CP.17).

(iv) FREL/FRL transparency: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the transparency of the FREL/FRL and whether significant issues were raised and resolved. If applicable, provide a plan on how to address and overcome issues that were not material to the transparency of the FREL/FRL raised in TA Report that couldn't be resolved due to time and data restrictions.*

The TAR noted the following areas where transparency could be improved by:

[3] Modified Forest Reference Level of Costa Rica can be accessed with the following link: https://redd.unfccc.int/files/frel_costa_rica_modified.pdf
[4] (see Figure 8 - Costa Rica Land use / land cover map 2015 (MCS 2015/16) in the Technical Annex)
[5] (see Figure 3 - Decreasing trend of average deforestation of primary forest observed during the different satellite land monitoring events made in Costa Rica since 1986 to 2015 in the Technical Annex)
[6] (See Figure 4 - Growth of secondary forest area that produce forest carbon removals due to carbon stock enhancement, since 1986 to 2015 in Costa Rica in the Technical Annex)

- Enhancing the description on how primary and secondary forests were distinguished in the 1978/1980 map;
- Re-analysis of the area classified as "non-forest" and include the main outcome of this verification activity in a data repository of all FREL/FRL relevant information;
- Providing more robust data in order to support the assumption that secondary forests in 1985/1986 are representative of all possible age classes, up to 400 years old, with equal proportions of areas;
- Presenting a comparison of the results of the Cifuentes model (used to predict the rates of biomass accumulation in the different life zones of Costa) and IPCC default factors (see details in section (xii) Issues related to applying IPCC guidance);
- Presenting carbon stock factors used to assess the emissions from deforestation (as an annex); and
- Presenting the user's Manual for "FREL TOOL CR" - reference-level estimation tool (as an annex).

The areas of improvement identified by the TAR are being addressed based on the availability of technological and financial resources. The progress made so far can be summarized as follow:

a) Identification of primary and secondary forests: not addressed yet due to the lack of resources;
b) Classification of forest/non-forest: not addressed yet due to the lack of resources;
c) Age class distribution in secondary forests: not addressed yet due to the lack of resources;
d) Representativeness of the carbon growth model: Costa Rica has requested funds from the World Bank "Land Use Climate Funds MRV Support Program" to validate the coefficients of the model developed by Cifuentes (2008). Above-ground biomass (AGB) growth models in wet and dry forests will be updated and new models will be developed for palm and mangrove forests. To validate ABG in secondary forests, 105 temporary plots were measured in different types of secondary forest and ages (See more details in Annex A.2). The secondary forest age was determined, evaluating the most probable age of forest using time series information from satellite images, aerial photos, and mosaics of high and medium resolution images. The orthophoto mosaics of the Terra 1997, Carta 2003 and 2005 projects complemented by mosaics from the Landsat 1985 and Sentinel 2015 satellites, were used. Based on the information of the plots, the AGB (with DBH > 10 cm) is been estimated using the methodology and equations of the 2012 National Forest Inventory;
e) Accuracy of the carbon growth model: not addressed yet due to the lack of resources;
f) Make the "FREL tool" and manual publicly available: ¨FREL tool" and manual has been made publicly available (see Table 10 - Parameters and associated information for the reconstruction of results in the Technical Annex);
g) Consistency with the national GHG inventory: Significant progress has been made in harmonizing the estimation of forest emissions in the FOLU sector of the GHG inventory. The methodology for estimating emissions of the FOLU sector in the Biennial Update Report is partially consistent with the methodology for estimating REDD+ results (see Table 5 in the Technical Annex). Both, Technical Annex and INGEI FOLU emissions in the Biennial Update Report, use the same activity data (AD) values calculated based on the same land use maps. Main differences between methodologies are the following:
    i) FOLU Sector emissions include Harvested Wood Products, and methane and nitrous oxide emissions;
    ii) Dead wood and litter carbon pools are excluded; and
    iii) C stocks in above-ground biomass (AGB) of forests lands were estimated using the asymptotic value of the equations developed by Cifuentes (2008).

Some recommendations were considered when presenting this proposal, in particular: for the REDD-plus results (see section B.2), Costa Rica has re-analyzed the area classified as "non-forest", by performing uncertainty analysis of "forest" and "non-forest" change categories; and included additional information on the use of the tool to estimate the FREL and the results ("FREL & MRV TOOL CR").

(v) FREL/FRL completeness: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the understanding of the FREL/FRL and whether significant issues were raised and resolved. If applicable, provide a plan on how to address and overcome issues that were not material to the completeness of the FEL/FRL raised in TA Report that couldn't be resolved due to time and data restrictions. Include information that allows for the reconstruction of the FREL/FRL.*

UNFCCC technical assessment (TA) of the FREL acknowledged that Costa Rica has included in the FREL the most significant activities, and the most significant pools in terms of emissions related to forests. The TA has concluded that Costa Rica followed decision 1/CP.16, paragraph 70, on activities undertaken; paragraph 71(b), on FREL and decision 12/CP.17, paragraph 10, on implementing a stepwise approach. The TA commended

Costa Rica for the information provided on the ongoing work into the development of future improvements to the FREL (i.e. by including additional activities). For more details see section III of "Report of the technical assessment of the proposed forest reference emission level of Costa Rica submitted in 2016"[7]).

The FREL includes carbon dioxide (CO_2) emissions and removals associated to changes in C stocks in the following pools (For more details see section 2.4 of Modified FREL of Costa Rica and section 7 of ERPD of Costa Rica[8]):

- Above-ground biomass (AGB): AGB contains the highest proportion of C stored in forest land, between **50-79%** of the total estimated C per ha.
- Below-ground biomass (BGB): On average, BGB represents **18%** of AGB C stocks per ha.
- Deadwood (DW): Even though deadwood contributes to **<10%** of emissions from forest land conversion, deadwood was included in the FREL for completeness purposes given the availability of high-quality country-specific data.
- Litter (L): Even though litter represents **<10%** of emissions from forest land conversion (and <10% of total C stocks), it was included in the FREL for completeness purposes given the availability of high-quality country-specific data.
- Soil organic carbon (SOC): Although a potentially significant carbon pool, organic soil C was excluded from the FREL due to lack of reliable national data to estimate the flux of C in the different land use change transitions. It is assumed that C stock changes in this pool would not result in significant emissions. On the contrary, considering that *lands converted to forest land* are greater than deforestation, it is possible that soil C would be a net sink in Costa Rica. However, it is acknowledged that better national data is required for the estimation C stocks changes.
- Harvested Wood Products (HWP): HWP were not included considering the limited availability of data.

Regarding CH_4 and N_2O gases, biomass burning and related emissions of methane (CH4) and nitrous oxide (N2O) were excluded in the estimation of FREL. Before 1997, slash-and-burn was the common practice for land use change in Costa Rica, as this was the easiest way to convert forests to grasslands and croplands (Sader and Joyce, 1988)[9]; however, in 1997 conversion of forest became illegal with the current Forest Law; hence, slash-and-burn dramatically decreases after 1996.

According to Decision 1/CP.16, paragraph 70, the following activities were included in the FREL/FRL: emission reductions from deforestation, and enhancement of forest C stocks. At the moment, sufficient quality data are lacking to include the remaining REDD+ activities (For more details see section 2.3 of Modified FREL of Costa Rica and Section 8.3 of ERPD of Costa Rica):

Table 6: Main milestones and respective periods relevant for the construction of the FREL of Costa Rica.

Main milestones regarding the development and implementation of national public policies for forest conservation, reduction of deforestation and climate change		Year	
		Beginning	Ending
1	January 23th, 1997: The Regulation to Forest Law 7575 is officially published. FONAFIFO and the national program of Payments for Environmental Services (PES) were created. From this date, the PSA is implemented.	1997/98 2000/01	2000/01 2007/08
2	July 3rd, 2008: Law No. 8640 of "Ecomercados II Project" is officially published. With this law, resources for of environmental services payments (PES) increased by $ 30 million (for the next five years) and a donation of $ 10 million is secured to create a patrimonial fund for the protection of biodiversity ("Sustainable Biodiversity Fund"). The effectiveness of the PES is improved by supporting small landowners, promoting social impact monitoring, giving more attention to areas of greatest poverty and priority basins, among others.	2007/08	2011/12

[7] Available at: https://unfccc.int/resource/docs/2017/tar/cri.pdf
[8] **Emission Reductions Program** to the FCPF Carbon Fund: https://www.forestcarbonpartnership.org/system/files/documents/Costa%20Rica%20ERPD%20EN_Oct24-2018_clean.pdf
[9] Sader, S. y A. Joyce, 1988. Deforestation rates and trends in Costa Rica, 1940 to 1983. Biotropica 20:11-19.

3	January 1st, 2010: The "Emission Reduction Project Idea Note (ER-PIN)" is approved by the FCPF on October 16-17, 2012 indicating that Costa Rica plans to implement a REDD + emission reduction program in the period 2010-2020.	2011/12	2013/14

- Sustainable management of forest: Emissions/removals associated with the sustainable management of forests are excluded due to the lack of reliable data. At the same time, it is important to note that total area under forest management in Costa Rica is minimal (<500 ha yr^{-1}). Additionally, silvicultural practices are not stand-replacing, but remove partial timber volumes every 15 years. For these reasons, it is very likely that emissions/removals may not be significant. Costa Rica will consider the potential inclusion of sustainable management of forest in future revisions of its FREL.

Degradation of forest: accurate information on forest degradation there were not available during the construction of FREL. Costa Rica conducted its first National Forest Inventory (NFI), which provided important data on forest C stocks; nonetheless, the NFI has not collected sufficient information on activity data and emissions factors for potential forest degradation. National-level information is lacking for the period 1985/86-2012/13 to accurately estimate potential forest degradation. It is important to clarify that Costa Rica included forest degradation in the FREL prepared for the ER-Program of World Bank Carbon Fund. Emissions from forest degradation and enhancement of forest C stocks in forests remaining forests were estimated, using a visual assessment canopy cover density which classified primary forest areas as intact, degraded, and very degraded in the forests remaining forest land. According to this analysis, forest degradation represents **36%** of emissions. Costa Rica will consider the potential inclusion of forest degradation in future revisions of its FREL.

(vi) FREL/FRL consistency: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the consistency of the methodology used over the time series used for the construction of the FREL/FRL, and whether significant issues were raised in the report and resolved. If applicable, provide a plan to address and overcome issues that were not material to the consistency of the FREL/FRL raised in TA Report that couldn't be resolved due to time and data restrictions.*

In Costa Rica, there are three main milestones regarding the development and implementation of national public policies and programs for forest conservation, reduction of deforestation and climate change. The years of each of the periods considered in the FREL timescale have been established based on these milestones.

For the construction of the FREL, a 1986-2013 time series of land use maps was developed. This time series was specifically designed for REDD-plus with the goal to ensure consistent methodologies, data and assumptions when estimating AD. Satellite imagery was collected and analyzed starting for 1985/86, 1991/92, 1997/98, 2000/01, 2007/08, 2011/12 and 2013/14. This time series was developed at the national level and is the product of a 2-year process lead by the Government of Costa Rica with participation of multiple institutions, national and international experts.

Within the time series, the FREL was based on historical emissions for two contiguous historical reference periods: 1986–1996 and 1997–2009.

The proposed FREL/FRL has been estimated as the sum of the annual average CO_2 net emissions from deforestation and the annual average CO_2 removals from enhancement of forest carbon stocks during the two historical reference periods: 1986–1996 for the first period of enhanced mitigation actions (1997–2009); and 1997–2009 for the second period of enhanced mitigation actions (2010–2025).

Therefore, for the results presented in this proposal the 1997-2009 historical reference period is the most relevant.

(vii) FREL/FRL accuracy: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the accuracy of the FREL/FRL and whether significant issues were raised and resolved. This should include information on whether the data and methodologies used neither over- nor under-estimate emissions and/or removals during the reference period. If applicable, provide a plan to address and overcome issues raised in TA Report that were not material to the accuracy of the FREL/FRL and that couldn't be resolved due to time and data restrictions.*

The TAR considered that additional sampling and the validation of the model developed by Cifuentes would increase the accuracy of future FREL submission by Costa Rica (see details in section (xii) Issues related to applying IPCC guidance).

(viii) Sources of emissions: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to whether all activities listed in paragraph 70 of UNFCCC decision 1/CP.16 ('REDD-plus activities') that are a significant source of emissions were included. If they were not, justify whether activities that are significant sources of emissions were not included due to lack of data and/or whether the omission overestimates emissions or underestimate removals. Provide also a plan to include all data on all REDD-plus activities that are significant sources of emissions in future FREL/FRL submissions.*

The national FREL proposed by Costa Rica for the two contiguous historical reference periods 1986–1996 and 1997–2009 is the annual average of the carbon dioxide (CO_2) equivalent emissions associated with **deforestation**, and the **enhancement of forest carbon stocks**. For the activity "reducing emissions from deforestation", the FREL includes the emissions that are associated with clear-cuts and considers subsequent removals from deforested areas depending on the subsequent land use. The proposed FREL excludes non-anthropogenic emissions associated with volcanic activity and river meandering, because they are considered to be natural disturbances. Gains and losses in carbon stocks in forest land remaining forest land in the reference periods are considered in Costa Rica's modified submission of 23 May 2016 only for secondary forest; gains and losses are excluded in primary forest that remain primary forest because they are considered to be unmanaged land. Carbon stock enhancements in forest land remaining forest land were estimated using growth models developed specifically for Costa Rica national conditions by Cifuentes (2008)[10]. Cifuentes' equations, that estimate carbon stocks as a function of age, were applied by determining the age of the forest in the year of the conversion and tracking forest age along the time series (For more details see section 4.4 of Modified FREL of Costa Rica). The TAR acknowledged that **Costa Rica included in the FREL the most significant activities, and the most significant pools in terms of emissions related to forests**.

(ix) Significant pools: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the inclusion of the most significant pools. If applicable, justify whether significant pools were not included due to lack of data and/or the omission does not overestimate emissions or underestimate removals. In addition, provide a plan to include all significant pools in future FREL/FRL submissions.*

The **carbon pools** included in the FREL are: above-ground biomass (trees and non-trees); below-ground biomass (trees and non-trees); dead wood (only above ground); and litter. The soil organic carbon, dead wood (below ground) and HWP pools were not included.

The TAR identified the following additional areas for future technical improvement:

a. The inclusion of the below-ground dead wood in the below-ground biomass pool; and
b. The treatment of emissions from soil organic carbon (i.e. the inclusion of this pool or the provision of more information justifying its omission).

The TAR noted that emissions from **deadwood are likely to be insignificant**. With regard to emissions from the **soil organic** carbon pool; the TAR considered that the soil organic carbon pool could be included using the default emission factors contained in the 2006 IPCC Guidelines. Nevertheless, the TAR noted that the **current omissions of these pools are unlikely to be leading to an overestimation of emissions.**

Costa Rica will consider the inclusion these pools in light of the potential inclusion of additional REDD-plus activities, such as forest degradation and forest management, in future FREL submissions.

(x) Emissions from gases: *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the inclusion of all gases that are significant sources of emissions. If not all of the gases were included, justify whether gases that are significant sources of emissions were not included due to lack of data and/or whether the omission overestimates emissions or underestimates removals. Provide also a plan to include all significant pools in future FREL/FRL submissions.*

The TAR identified the following additional areas for future technical improvement:

a. The inclusion of CH_4 and N_2O emissions from biomass burning.

[10] Cifuentes, M. 2008. Aboveground Biomass and Ecosystem Carbon Pools in Tropical Secondary Forests Growing in Six Life Zones of Costa Rica. Oregon State University. School of Environmental Sciences. 2008. 195 p.

Before 1997, slash-and-burn was the common practice for land use change in Costa Rica, as this was the easiest way to convert forests to grasslands and croplands (Sader and Joyce, 1988[11]). In 1997, conversion of forest became illegal with the current Forest Law; hence, slash-and-burn dramatically decreases after 1996. For this reason, biomass burning and related emissions of methane (CH_4) and nitrous oxide (N_2O) were included in conversions of forests to cropland and grassland that occurred in the period 1986-1996 and excluded in the post-1996 period.

Nevertheless, the TAR noted that the **current omissions of these gases is unlikely to be leading to an overestimation of emissions.** Costa Rica will consider the inclusion these gases in light of the potential inclusion of additional REDD-plus activities, such as forest degradation and sustainable forest management, in future FREL submissions.

For the purpose of this proposal, is important to recall that the relevant historical period is 1997–2009; where slash-and-burn is not considered.

(xi) IPCC guidance for FREL/FRL*: Please indicate if the whether the construction of the FREL/FRL (data, methodologies and estimates) was guided by 2003 GPGs or 2006 GLs.*

The construction of the FREL was guided by the 2006 IPCC Guidelines.

(xii) Issues related to applying IPCC guidance: *Please mention any significant issues related to the application of IPCC GLs/GPGs as raised in the TA report. Include any significant issues that are material to the alignment with the methodologies of the IPCC GLs/GPGs that were raised in the TA report and whether significant issues were raised and resolved. If applicable, provide a plan to address and overcome issues raised in TA Report that were not material to the application of IPCC guidance and that couldn't be resolved due to time and data restrictions.*

The TAR noted that the forest-related carbon stocks used to assess carbon stock changes related to forest land and the conversion of forest land to other land-use categories have been assessed on the basis of a country-specific methodology, and this is not fully in accordance with the 2006 IPCC Guidelines.

Above-ground carbon stocks for secondary forest were estimated using a growth model developed by a national study (Cifuentes, 2008[12]), based on a relationship between the age and the related above-ground biomass. The model was validated with a sample of 54 plots in age classes between 0 and 82 years, stratified by six life zones.

The TAR noted that there is a small number of samples per life zone and that an increase in the number of sampling plots will increase the representativeness of all the forest in the six life zones included in the FREL assessment.

The TAR acknowledged that the carbon stock data from the Cifuentes model may consider some losses but noted that secondary forest losses that occurred in each modelling year can be substantial (e.g. harvest, fires, mortality) and should be estimated. In addition, the TAR noted that the model used by Costa Rica does not take into account the carbon stock losses owing to rotations in plantations, which have been classified as secondary forests because the quality of the satellite imagery employed (Landsat) was not sufficient to overcome the spectral confusion of forest plantations with secondary forests and certain agroforestry systems, and therefore it was not possible to include them as an additional subcategory in the land-use change time series.

The TAR considered that additional sampling and the validation of the model developed by Cifuentes would increase the accuracy of future FREL submissions by Costa Rica. The TAR also considered that the comparison of the results of the Cifuentes model and IPCC default factors, presented by Costa Rica during the review process, would increase the transparency and accuracy of future FREL submissions from Costa Rica. The TAR finally noted that, when estimating carbon stock changes in secondary forests, including all losses (e.g. harvest, fires, mortality) currently not taken into account by the modelling approach will enhance the accuracy of the future FREL submission from Costa Rica.

B.1.2. Additional criteria related to FREL/FRL

[11] Sader, S. y A. Joyce, 1988. Deforestation rates and trends in Costa Rica, 1940 to 1983. Biotropica 20:11-19.
[12] Cifuentes M. 2008. Aboveground Biomass and Ecosystem Carbon Pools in Tropical Secondary Forests Growing in Six Life Zones of Costa Rica. Oregon State University. School of Environmental Sciences. Available at https://ir.library.oregonstate.edu/xmlui/bitstream/handle/1957/8904/Cifuentes-Jara_Dissertation.pdf?sequence=1

(xiii) Reference period for the FREL/FRL: *Please indicate the reference period (number of years) applied for the construction of the FREL/FRL.*

The national FREL used by Costa Rica to assess the results presented in this funding proposal is from 1997 – 2009, a total of 13 years.

(xiv) If previous reference level submitted: *Please indicate whether a previous reference level applying to the same area was submitted. If so, describe the difference between the emissions and removals used for the previous one and the current one. Describe any adjustments made to the current FREL/FRL compared to the previous one, if applicable.*

The FREL used is Costa Rica's first FREL submitted to the UNFCCC and technically assessed through the UNFCCC process. It was submitted and modified in 2016, during the course of the UNFCCC technical assessment. Costa Rica also presented another national FREL for 1986–1996 (11 years).

(xv) Uncertainties: *Please indicate whether the country has provided information on aggregated uncertainties of the emissions or removals estimate, taking into account national capabilities and circumstances, and if so, indicate the percentage of aggregate uncertainties and provide information on assumptions and sources. If applicable, indicate the process implemented to minimize systematic and random errors.*

Uncertainty was not estimated for Costa Rica FREL. Likewise, uncertainty was not analyzed by the Technical Team of Experts of UNFCCC. However, for the 2014-2015 monitoring period, the uncertainty estimation was done using Approach 2 of the IPCC 2006 Guidelines, employing Monte Carlo simulations, and the uncertainties are reported in terms of 90% confidence intervals (See Section B.2.2)

(xvi) Please indicate whether different FREL/FRLs have been used for different funding sources or other purposes, and if so, list and describe them.

Costa Rica has submitted an **Emission Reductions Program Document (ERPD)**[13] with the aim to receive payments from the Carbon Fund of the **FCPF**.

The UNFCCC FREL was developed based on historical emissions for 1986–1996 and 1997–2009. However, the reference period 1997-2009 does not comply with indicators 11.1 and 11.2 of the "FCPF Methodological Framework":

> Indicator 11.1: The end-date for the Reference Period is the most recent date prior to two years before the TAP starts the independent assessment of the draft ER Program Document and for which forest-cover data is available to enable IPCC Approach 3. An alternative end-date could be allowed only with convincing justification, e.g., to maintain consistency of dates with a Forest Reference Emission Level or Forest Reference Level, other relevant REDD+ programs, national communications, national ER program or climate change strategy.
>
> Indicator 11.2: The start-date for the Reference Period is about 10 years before the end-date. An alternative start-date could be allowed only with convincing justification as in Indicator 11.1 and is not more than 15 years before the end-date.

To establish a reference period consistent with the FCPF Carbon Fund requirements, the period between 1998-2011 (14 years) was taken as the historical reference period:

- **End year** (*2011*): according to Costa Rica's R-PP and ER-PIN[14], the country's National REDD+ Strategy began implementation in 2010. However, given that for 2009 Costa Rica does not have a map[15], the TAP recommended that Costa Rica selected the year 2011 instead to comply with the CF-MF. Costa Rica followed the TAP's recommendation.

[13] Available at: https://www.forestcarbonpartnership.org/system/files/documents/Costa%20Rica%20ERPD%20EN_Oct24-2018_clean.pdf
[14] Approved by the Carbon Fund in its resolution CFM/5/2012/1, which acknowledged the high quality of the ER-PIN (para. 1) and granted additional financing to move towards the ER-P (para. 2 and 3). In addition, the annex of the resolution identified key issues, these do not include an objection to the start of the National REDD+ Strategy or the ER-P in 2010.
[15] According to the CF's TAP, the IPCC approach 3 included in **indicator 11.1** of the CF-MF requires countries to have spatially explicit information or a map. Costa Rica challenged this interpretation but decided to follow the TAP's recommendation to shift the end-date of the historical reference period to 2011.

- **Base year (*1998*):** 1997 is the year when the current Forestry Law was passed, including key forest policy, instruments and mechanisms (*e.g.* PSA). 1998 is the closest date to 1997 for which Costa Rica has a map (please see previous footnote). Selecting 1998 as the base year of the historical reference period allows for the consideration of emission reductions that have resulted from the implementation of the current Forest Law. Because of this, the reference level can be used as a benchmark to measure emission reductions that are "additional" to the normal performance of current forest policies and programs. This date was strategically selected to show the impact of the Forestry Law and has an important role in the FREL submitted to the UNFCCC.

During the 14th Carbon Fund meeting on June 20-22, 2016; the Carbon Fund participants decide to provisionally include Costa Rica's Emission Reduction Program Document (ER-PD) into the portfolio of both Tranche A and Tranche B of the Carbon Fund. The provisional inclusion of Costa Rica's ER-PD into the portfolio of the Carbon Fund was deemed approved upon fulfillment of the update of the reference level, including the assessment of forest degradation in accordance with the Carbon Fund's Methodological Framework indicator 3.3":

> **Indicator 3.3:** Emissions from forest degradation are accounted for where such emissions are more than 10% of total forest-related emissions in the Accounting Area, during the Reference Period and during the Term of the ERPA. These emissions are estimated using the best available data (including proxy activities or data).

To comply with MF indicator 3.3, Costa Rica estimated the significance of emissions from forest degradation and enhancement of forest C stocks in forests remaining forests, using a visual assessment canopy cover density which classified primary forest areas as intact, degraded, and very degraded in the forests remaining forest land. According to this analysis, forest degradation represents 36% of total forest emissions. For this reason, the emission of forest degradation was included in the FREL prepared for the ER Program of the Carbon Fund.

The FCPF reference level has been estimated as sum of the gross emissions and removals from all REDD-plus activities considered (i.e. emissions from deforestation; emissions from forest degradation in forests remaining forest; enhancement of forest C stocks in forests remaining forests and regeneration of forest C stocks in secondary forest), resulting in the net annual average historical emissions for 1998-2011; the RL will be applicable for 2012-2025. **The difference between the UNFCCC/FREL and the FCPF/RL is the inclusion of degradation in the FCPF RL.**

Costa Rica will be able to claim ERs after the date of unconditional approval of ER-PD. Costa Rica submitted in 2012 the ER-PIN, which was approved by the Fund's Donor Committee. With this approval, a letter of intent was signed on June 14, 2016, in which the Carbon Fund undertakes to buy up to 12 million tons of CO2e or up to 63 million US dollars. Costa Rica submitted the final ER-PD on May 24, 2016. The Carbon Fund Participants decided to unconditionally include Costa Rican ER-PD in the portfolio of the Carbon Fund, on December 29, 2017. Therefore, ER-Program's period begins at December 29th, 2017 and ends in December 31st, 2024. During this period Costa Rica will execute commercial agreements with the Carbon Fund for the delivery of emission reductions in tons of CO2e based on monitoring events, according to the amounts agreed in the ERPA.

There are no consequence of having different FRELs on the national carbon accounting for Costa Rica because there is no temporal overlap between the REDD+ Results covered in this GCF RBP proposal (2014-2015) and the term of the potential ERPA to be signed with the FCPF (2018-2024).

B.2. REDD-plus Results reporting

Please provide link to the BUR technical annex containing REDD-plus results:

- BUR 2 (Dec 2019): https://unfccc.int/documents/204842
- REDD-plus Technical Annex (Dec 2019): https://unfccc.int/sites/default/files/resource/AnexoTecnico%20REDD.pdf
-

Please provide link to the UNFCCC Technical Analysis Report: Not available yet[16]

[16] According to Decision 13/CP.19 "The assessment team will prepare a draft report and make it available to the Party no later than 12 weeks following the assessment session"; "the Party will have 12 weeks to respond to the draft report of the

B.2.1. UNFCCC Technical Analysis

(i) Consistency of results with FREL/FRL: *Please provide any additional information that supplements the information contained in the Technical Analysis Report in relation to the consistency of the reported results in the technical annex to the BUR with the FREL/FRL (including the inclusion of same pools, activities and gases).*

Up to date the BUR technical annex containing REDD-plus results have not been assessed by UNFCCC.

No consistency issues are expected to be raised, since the methods used to obtain the average annual emissions and removals for the 2014-2015 period are the same used to calculate the FREL submitted by Costa Rica to the UNFCCC in May 2016.

To avoid that changes registered in the cartographic comparison of Land Use Land Cover (LULC) maps were product of the combination of different techniques and methods, a unique and uniform methodology was used both for FREL and for the forest emission monitoring results.

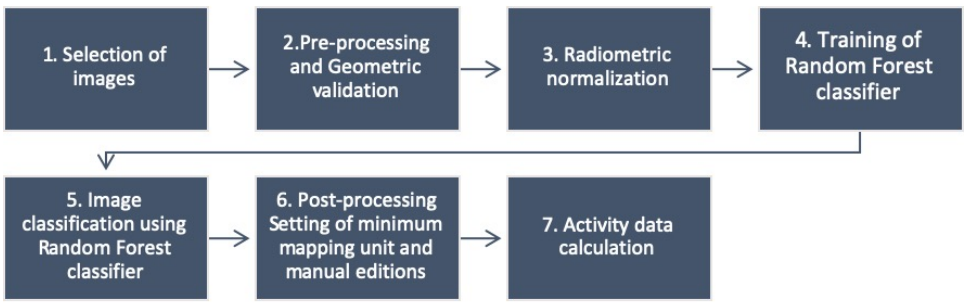
The same REDD-plus activities, greenhouse gases and C pools, AD and EF estimating methods and data sources, methods for mapping land use and emission calculation tools, were used in estimating annual average emission and removal of both Costa Rica FREL and monitoring period 2014-2015.

(ii) Transparency of the data: *Please provide any additional information that supplements the information contained in the Technical Analysis Report in relation to the transparency of the data and information provided in the technical annex (i.e. whether information has been provided to provide an understanding of how UNFCCC guidance on results reporting has been addressed). Include information on significant issues raised in the Technical Analysis Report and whether these were raised and resolved. If applicable, provide a plan on how to address and overcome issues raised in the Technical Analysis Report, that were not material to the transparency of the data on results and that could not be resolved due to time and data restrictions.*

Up to date the BUR technical annex containing REDD-plus results have not been assessed by UNFCCC.

No major transparency issues are expected to be raised, since all information and data necessary to reconstruct the results are presented, including:

- **Steps for preparation of Activity Data:**



assessment team" and "The assessment team will prepare a final report within four weeks following the Party's response". The assessment session of the Technical Annex of Costa Rica took place between 9 and 13 of March. However, in consultation with the UNFCCC Secretariat Program Officer/Team Lead – AFOLU it was indicated that it should be possible to have a fast-track process to allow the report to be completed by mid-July. This means that Costa Rica could be able to submit a revised Technical Annex in the second week of April and could provide comments to the draft report within a 2 weeks period starting early-May when the draft report could be completed by the assessment team.

Figure 1. *Standard operative procedures for mapping land use and land cover in Costa Rica. Steps 1 to 5 are described in Agresta (2015)[17]; Steps 6 and 7 are described in Ministry of the Environment and Natural Resources of Costa Rica (2016)[18].*

- **Steps for estimating results:** Costa Rica has developed a tool to estimate FREL and the results (FREL & MRV TOOL CR.xlsx)[19]. Details of this tool can be found in START spreadsheet, and the manual (Manual de la Herramienta FREL & MRV Tool – UNFCCC.pdf in Spanish)[20].
- **Steps for estimating uncertainties:** See details in section B.2.2. (vii) Uncertainties

(iii) Completeness of the data: *Please provide any additional information that supplements the information contained in the Technical Analysis Report in relation to the completeness of the data and information provided in the technical annex (i.e. whether information has been provided that allows for the reconstruction of the results). Include information on significant issues raised in the Technical Analysis Report and whether these were raised and resolved. If applicable, provide a plan on how to address and overcome issues raised in the Technical Analysis Report, that were not material to the completeness of the data on results and that could not be resolved due to time and data restrictions.*

Up to date the BUR technical annex containing REDD+ results have not been assessed by UNFCCC.

No major completeness issues are expected to be raised, since all parameters and associated information for the reconstruction of results are available:

Table 7. *Links to access information to verify completeness of the data*

Parameter	Link to access information
Activity data	
LULC map 2013 (MCS 2012/13)	MCS 2012/13 of time series LULC maps 1997/2013 (SpatialDataSubmission20122016.zip in ArcGIS format), and final report (Generating a consistent historical.zip in Spanish, see summary of methods in Annex 1). https://drive.google.com/drive/folders/1pb1eSxY9kQ3DopCqgcEg6ht0oaSbAZlh?usp=sharing
LULC map 2015 (MCS 2015/16)	LULC map 2015 (available in tiff format for QGIS) including Final Report (INFORME_FINAL_MC15_29_9_2019.PDF in Spanish, see summary of methods in Section 5.1). https://drive.google.com/drive/folders/1rvO_NS9M64-bClMt9pOULkg465N36iwC?usp=sharing
Activity data 2014-2015	Land use change matrix obtained through the cartographic comparison of the MCS 2012/13 and MCS 2015/16 maps. https://drive.google.com/file/d/1yHgfpIljqa1kKxKU7wox3xIZZmoDc7w4/view?usp=sharing
Reference data for validation of LULC change area calculation for the period 2014-2015	Reference data base (Referencedata1415V3.csv) used for the accuracy of activity data and Final Report (II_Informe_Consultoria_EvaluacionMulti-temporalUsodelaTierra.pdf in Spanish). https://drive.google.com/drive/folders/1qpnJdH-_-0CJD9Eeena7uOQG9_wUtoOu?usp=sharing
Emission factors	

[17] AGRESTA (2015). Generating a consistent historical time series of activity data from land use change for the development of Costa Rica's REDD plus reference level. San José, Costa Rica. https://drive.google.com/file/d/1xL5XMV7xJs4FCTXC0uMF9fWT60XiaYf6/view?usp=sharing

[18] **Ministry of the Environment and Natural Resources of Costa Rica. 2016.** Modified REDD+ Forest reference emission level/forest reference level (FREL/FRL). COSTA RICA. SUBMISSION TO THE UNFCCC SECRETARIAT FOR TECHNICAL REVIEW ACCORDING TO DECISION 13/CP.19. Retrieved from https://redd.unfccc.int/files/2016_submission_frel_costa_rica.pdf

[19] A clean copy of FREL Tool can be download at the following link: https://drive.google.com/file/d/1WzEZbNwUmO_x74R7udQSD4YmcO5GiFF4/view?usp=sharing

[20] A copy of the FREL Tool Manual can be download at the following link: https://drive.google.com/file/d/14CsE_rpBBrEJgyUTplziKKsGGVm_YtL_/view?usp=sharing

Carbon stocks	C-STOCKS spreadsheet of FREL tool (2016.07.10 - FREL & MRV TOOL CR MapaIMN15v3.xlsx) and tool manual (Manual de la Herramienta FREL & MRV Tool – UNFCCC.pdf in Spanish) https://drive.google.com/drive/folders/1qpnJdH-_-0CJD9Eeena7uOQG9_wUtoOu?usp=sharing
Uncertainty	
Uncertainty analysis	FREL tool with Monte Carlo analysis (2016.07.10 - FREL & MRV TOOL CR-Uncertainty.xlsx, SimVoi add-in is required for run the Monte Carlo analysis) and summary of Monte Carlo result, Activity Data Error and Emission Factor Error (Uncertainty.xlsx). https://drive.google.com/drive/folders/1BjxEScZrONlQQPYX267xfidbXKvemxGo?usp=sharing

(iv) Consistency of the data: *Please provide any additional information that supplements the information contained in the Technical Analysis Report in relation to the consistency of the data and information provided in the technical annex (i.e. data and methodologies were applied consistently over the results time series). Include information on significant issues raised in the Technical Analysis Report and whether these were raised and resolved. If applicable, provide a plan on how to address and overcome issues raised in the Technical Analysis Report, that were not material to the consistency of the data on results and that could not be resolved due to time and data restrictions.*

Up to date the BUR technical annex containing REDD-plus results have not been assessed by UNFCCC.

No major consistency issues over the time series results are expected to be raised, since for the complete time series (1987-2013), images from four different sensors and satellites of the Landsat family were used (Landsat 4 TM, Landsat 5 TM, Landsat 7 ETM +, Landsat 8 OLI / TIRS). To prepare the LULC map 2015 (MCS 2015/16), images from the LANDSAT 8 OLI / TIRS satellite were used for the period from June 2015 to June 2016.

A mask of the country (in raster format) generated from map MCS 2013/14 of the geo-database was used, to ensure that the MCS 2015/16 map is consistent in area, spatial resolution (pixel resolution) and dimensions (same number of columns and rows X, Y) with the maps of the 1997-2013 time series. The MCS 2015/16 map has the same number of columns and rows (c 14554, r 14089) and a spatial resolution of pixels in XY (29.99951157, 29.9995115) in order to compare them geographically with the MCS 2013/14 map to obtain the land use change matrix.

For the calculation of the activity data, a cartographic comparison of the wall-to-wall maps MCS 2013/14 and MCS 1015/16 was made, to subsequently count the change and stable pixels in a transition matrix. In order to prepare the 2014-2015 transition matrix, it was reviewed that the MCS 2013/14 map of the REDD+ Time Series and the MCS 2015/16 map, met the following requirements: i. Both maps must be in raster format; ii. Both maps must have the same number of rows and columns, and the same pixel resolution; iii. They should be in the same geographical reference system and not being displaced; iv. Both maps must share the same classification LULC key used in REDD-plus Time Series maps; and v. Both maps must have the same accounting area.

(v) Accuracy of the data: *Please provide any additional information that supplements the information contained in the Technical Analysis Report in relation to the accuracy of the data and information provided in the technical annex (i.e. whether it neither over- nor under-estimates emissions and/or removals). Include information on significant issues raised in the Technical Analysis Report and whether these were raised and resolved. If applicable, provide a plan on how to address and overcome issues raised in the Technical Analysis Report, that were not material to the accuracy of the data on results and that could not be resolved due to time and data restrictions.*

Up to date the BUR technical annex containing REDD-plus results have not been assessed by UNFCCC.
No major accuracy issues are expected to be raised, since an accuracy assessment was carried out for the land-cover change map MCS 2013/14 – MCS 2015/16 using the guidelines from Olofsson et al (2014)[21]. The uncertainty estimation for each land cover change class was derived from the results of the accuracy assessment. See details in section B.2.2. (vii) Uncertainties.

21 Olofsson et al. (2014) Good practices for estimating area and assessing accuracy of land change. Remote Sensing of Environment 148, 42-57.

(vi) Indicate the number of years that took place between the last year of the FREL/FRL period, and the year corresponding to the results being proposed for payments:

There are 5 years between the last year of the FREL period (i.e. 2009) and the year corresponding to the results being proposed for payments related to 2014 and 6 years for payments related to 2015.

B.2.2. Additional criteria related to the achieved results

(vii) Uncertainties: *Explain whether the country has provided information on aggregate uncertainties of the results, taking into account national capabilities and circumstances. Include the percentage of aggregate uncertainties and provide information on assumptions and sources. If applicable, indicate the process implemented to minimize systematic and random errors.*

Uncertainty of activity data

The uncertainties of the activity data for land use change activities (deforestation and reforestation) come from the uncertainties associated with the process of creating land use change maps from which the activity data are obtained. An accuracy assessment was carried out for the land-cover change map MCS 2013/14 – MCS 2015/16 using the guidelines from Olofsson et al (2014). The uncertainty estimation for each land cover change class was derived from the results of the accuracy assessment.

Table 8. *Accuracy statistics for cover changes in land-cover map 2013/14 and land-cover map 2015/16*

Class	User Accuracy	Producer Accuracy
Deforestation (*Forest to Non-Forest*)	0.00	0.00
Secondary Forest (*Non-Forest to Forest*)	0.03	0.02
Stable forest (*Forest remaining Forest*)	0.80	0.87
Stable non-forest (*Non-Forest remaining Non-Forest*)	0.82	0.74

Table 9. *Estimated areas and their error at 90% confidence levels for land use changes between land-cover map 2013/14 and land-cover map 2015/16 considering the forest and non-forest change categories*

Class	Estimated area (ha)	Adjusted area (ha)	Bias (%)	Error relative at 90% of the significance level (ha)	Error relative at 90% of the significance level (%)	Standard Error	Standard error as percentage of estimated area
Deforestation (Forest to Non-Forest)	29,774	40,976	-38%	9,359	31%	5,689	19%
Secondary forests (Non-Forest to Forest)	33,034	28,121	15%	7,738	23%	4,704	14%
Stable forest (Forest remaining Forest)	3,103,394	2,805,944	10%	40,520	1%	24,632	1%
Non-stable forest (Non-Forest remaining Non-Forest)	1,790,668	2,081,829	-16%	40,281	2%	24,487	1%

Uncertainty of emission factors

The uncertainty of the aboveground biomass carbon stock for primary forests used to estimate deforestation emission factors from Costa Rica's first NFI is derived from its sampling error. For deforestation and reforestation, the carbon stocks in other pools and strata and their associated uncertainty are based on data from scientific

literature. The statistical uncertainty reported in these documents takes into consideration the sampling error. Therefore, forest emission estimate only considers this error source.

The uncertainties (the margin of error for a 90% confidence level divided by the estimate) of carbon stocks vary from 1% to 152%. The uncertainty of aboveground biomass (the pool with the largest carbon stock) in the different forest types has the highest uncertainty reaching 152% at the 90% confidence level.

Aggregate Uncertainties

The uncertainty is estimated by combining the uncertainty of activity data and emission factors as described in the previous section. This combination of uncertainties has been done through Approach 2 of the IPCC 2006 Guidelines, employing Monte Carlo simulations, and the uncertainties are reported in terms of 90% confidence intervals.

Table 10. *Uncertainties calculated for Average emission from primary and secondary forest loss, carbon enhancement and net emissions in Costa Rica, for 2014 -2015 period*

	Deforestation ($tCO_2e * yr^{-1}$)			Carbon Enhancement ($tCO_2e * yr^{-1}$)	Net Emissions ($tCO_2e * yr^{-1}$)
	Primary Forest	Secondary Forest	Total		
Percentile 95%	2,087,022	1,092,508	3,089,647	(5,471,692)	(2,567,430)
Percentile 5%	1,621,764	853,647	2,560,967	(6,229,583)	(3,490,266)
Mean	1,851,123	972,957	2,824,079	(5,850,653)	(3,026,573)
CI	465,258	238,861	528,680	757,892	922,836
ME	232,629	119,431	264,340	378,946	461,418
% Uncertainty	12.57%	12.28%	9.36%	6.48%	15.25%

(viii) Preventing double payments:

- *Provide information on payments that have been or are expected to be received from other sources of funding for results recognized by the country for the same area for the same period, for which the country is applying for payments from the GCF.*

Other payments have been or are expected to be received from other sources of funding for emission reduction/removals through voluntary carbon market projects in Costa Rica for the same area and the same period, for which Costa Rica is applying for payments from the GCF (see specific initiatives 3, 4 and 5 in the list below and emission reduction/removal units achieved). Costa Rica is committed to ensure the highest degree of environmental integrity and therefore these results have been deducted from the volume offered to GCF.

- *Include relevant information regarding the payments paid or expected to be paid, including the year(s), results volume in tCO2e, quantities for which payments were received/are expected to be received, and entity/entities paying for the results as well as any type of agreement involved.*

There are three government-led initiatives that have been developed through either the UNFCCC or the World Bank, respectively:

1. In September 2013, the National Forestry Financing Fund (FONAFIFO) of Costa Rica registered the CDM project "Carbon Sequestration in Small and Medium Farms in the Brunca Region, Costa Rica" at the UNFCCC. This project was developed in the Southern Region of the country (Pérez Zeledón) in partnership with CoopeAgri R.L.; and was expected to generate total emission reductions of 176,050 t CO2e in a 20-year term, or 8,803 t CO2e per year. This is the only CDM A/R project in Costa Rica formally registered under UNFCCC. In relation to the aforementioned project, Costa Rica has transferred to the CDM registry CERs with serial rank from CR-6-961312-1-1-1-7572 to CR-6-984395-1-1-1-7572, according to the monitoring report of August 2006 through December 2012. The project stopped producing CERs in 2012 and has since been abandoned. Therefore this does not overlap with the results proposed to GCF.

2. A significant volume to ERs will be committed as part of an emission reduction payment agreement (ERPA) with the Forest Carbon Partnership Facility Carbon Fund of the World Bank. Costa Rica is expecting to transfer a total of 12.0 Mt CO2e of emission reductions to FCPF over a period of seven years (2018-2024). The payments per reporting period are expected to be as follows:

- Retroactive Period (January 1, 2018 – December 31, 2019): US$ 17,000,000 (3.4 Mt CO2e)
- First period (January 1, 2020 - December 31, 2021): US$ 17,000,000 (3.4 Mt CO2e)
- Second period (January 1, 2022 - December 31, 2024): US$ 26,000,000 (5.2 Mt CO2e)

3. Costa Rica has developed its own domestic offset system to support its national carbon neutrality goals. Through this system, domestic offsets projects can generate Costa Rican Climate Units (UCC by its Spanish acronym). The system includes the LULUCF sector and therefore allows FONAFIFO to value the carbon sequestration services offered by its PES programme. The UCC offsets generated by FONAFIFO are currently based on growth in forest plantations from the planting year to its last measurement and circumscribed to three areas in the country where the reforestation efforts are concentrated. The quantification methodology is done following the general guidelines of the CDM and adapted to the reality of PES contracts. However, it is important to note that the UCC system is not meant to create fungible units and does not seek to meet the same level of requirements as international standards for forest sector offsets. In fact,1 UCC represents much less mitigation potential than 1 tCO2 reported to the UNFCCC in the context of REDD+ (1UCC= approx. 0.15 tCO2 of REDD+ results). Nonetheless, in an effort to uphold the highest standards of environmental integrity, the UCC volumes generated and sold in 2014 and 2015 have been fully deducted from the offered volume. More specifically, 13,145 UCC and 25,501 UCC where generated and sold in 2014 and 2015 respectively.

Additionally, the following voluntary REDD+ projects have been identified within the country:

4. Avoided deforestation through the payment for environmental services program in humid forests located in private lands in the conservation area of the Central Volcanic Mountain Range of Costa Rica: This project aims to recruit a total of 12,000 hectares of privately-owned forest (involving some 100 farm owners), in an area of interest of 39,522 hectares inside the Central Volcanic Range Conservation Area (ACCVC). This project did not issue any VERs. The project was not implemented because it also required VCS certification through VERRA, in order to be able for issue and register VERs.

5. BaumInvest Mixed Reforestation in Costa Rica: BaumInvest has established a reforestation project with native tree species in Costa Rica. The reforestation project comprises a total area of 1,209 ha spread among three sites in the central North of Costa Rica. Since the start of the project in 2007 an area of 824 ha pastureland, previously used for extensive cattle ranching, was reforested. The plantations are managed and certified according to the principles and criteria of the Forest Stewardship Council (FSC) for responsible forestry. To prevent double payments, the ERs achieved by this project for the years 2014 and 2015 if they have been traded or are still eligible for trading will be reflected in an interim registry managed by FONAFIFO (see below), and subtracted from the total volume offered to GCF. This volume is very small and does not have a significant impact on the size of this GCF proposal (in 2014 it was 5924 tCO2 and in 2015 in was 5924 tCO2).

6. VisionsWald – VisionForest: The VisionsWald - VisionForest is located in a backward rural region in the central North of Costa Rica on the edge of the Maquenque Wildlife Refuge. This project is more than a nature conservation – or forest carbon project, it is also a pilot project and laboratory for well-tried and newly-discovered sustainable land use methods. More than half of the 620-ha project area is covered by diverse tropical rainforest, which is being protected by means of this project. Additionally, at least 60 ha of former pastureland was reforested with autochthonous tree species in close-to-nature mixed stands with the aim of restoring forest landscape and wildlife habitat for many endangered species of the Mesoamerican tropical forest. To prevent double payments, the ERs achieved by this project for the years 2014 and 2015 will be reflected in an interim registry managed by FONAFIFO (see below), and subtracted from the total volume offered to GCF, if they have been traded or are still eligible for trading. This volume is very small and does not have a significant impact on the size of this GCF proposal (in 2014 it was 367 tCO2 and in 2015 it was 664 tCO2).

- *Provide sufficient assurances that the results that have been paid, or are expected to be paid for by other sources (or are under any type of analogous agreement) been excluded from the volume offered to the GCF.*

For the REDD+ results from years 2014 and 2015, 99% of results are being offered to GCF. There is small volume allocated for "REDD+ Offset units" (see below) which comes from the domestic market and voluntary REDD+ projects listed in bullets 3, 5 and 6 above. This volume is very small and does not have a significant impact on the size of this GCF proposal (in 2014 it was 19,436 tCO2 and in 2015 in was 32,089 tCO2). This volume has been deducted from the offered volume for 2014 and 2015 presented. Additionally, a buffer of 4.5% equivalent to 663,445 tCO2e has been established to address risk of reversals (see section C.1 *vi* for more details).

- *Provide a description of measures to ensure that the results paid by the GCF will not be transferred, offered for future payment or otherwise used (for example for offsets) and information on how the results proposed for payment by the GCF will be treated or used.*

A national registry system covering all sectors of the economy is being integrated in the National Climate Change Metric System (http://www.sinamecc.go.cr/) under the management of the National Climate Change Directorate of the Ministry of Environment and Energy. This national registry is expected to be fully operational in the second half of 2021.

An interim registry mechanism, covering REDD+ only, will be established. FONAFIFO will develop a simplified spreadsheet to record all REDD+ transactions, to be publicly available at FONAFIFO webpage. For the interim registry, FONAFIFO plans to draw on the experiences of Paraguay and Ecuador. It is important to highlight that the ERs from the REDD+ projects mentioned above will be treated according to the standards previously described, without prejudice to future decisions that Costa Rica may take in relation to the national registry system and the "accounting approach" towards it's NDC.

In order to ensure that the results paid by the GCF will not be transferred, offered for future payment or otherwise used (for example for offsets), the administrator of the interim registry as well as for the future economy-wide registry under development, will conduct the following tasks:

1) Define the maximum mitigation outcome from REDD-plus activities in the country for a given year through the results submitted to UNFCCC (i.e. the REDD-plus results technical annex submitted in the biennial update report assessed by UNFCCC LULUCF experts);
2) Define the amount of "REDD+ mitigation results" that will be allocated to result-based payments (i.e. Green Climate Fund) and the remaining results that may be available as "REDD+ offset units" for carbon market-based transactions(e.g. to be transfer to private companies);
3) Identify the appropriate financial institution(s) from which to seek for result-based payments:
    a) Apply the scorecard or other criteria of the selected financial institution(s) to determine the amount of "REDD+ mitigation results" that are eligible for payments;
    b) Track the payments and corresponding "REDD+ mitigation results";
4) Establish the volume of REDD+ emission reductions available for potential market-based transactions, taking into account Costa Rica's NDC commitments for 2030. Only the surplus beyond this national goal will be available for potential offset schemes.
5) Select the appropriate standard to be applied in the offsetting scheme:
    a) Apply the uncertainty and permanence threshold of the selected voluntary standard to determine the amount of "tradable REDD+ units";
    b) Create and maintain the necessary "accounts" to track the different types of units (i.e. "REDD+ offset units"; "REDD+ tradable units"; "REDD+ buffer units"; and "REDD+ cancelled units").

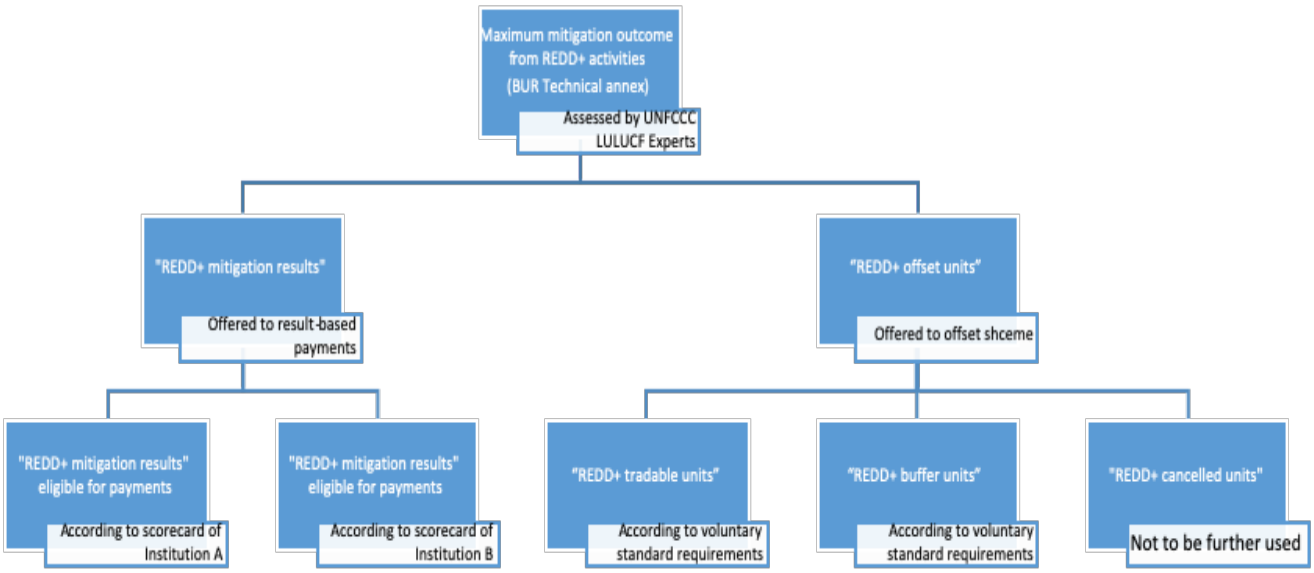


Figure 2: Optimization of REDD+ results

- *Provide information on how different financing contributed to the achieved results.*

The National REDD+ Strategy is a multifaceted initiative to achieve results at the national scale. Costa Rica has and will continue to use many public and private international and domestic sources of financing to support its policies and measures. With multiple partners supporting multiple activities and due to the challenges mentioned in section D.1 on impact potential, it is not possible to directly attribute emission reductions to any single investment or to a specific actions/component. Rather, each funding source will have contributed alongside many others. The implementation of this complete package of policies and measures has already led to emission reductions of 14,794,749 t CO2e over the period 2014-2015.

That being said, the vast majority of the resources that Costa Rica has used are domestic and the contribution of international sources while most welcomed is relatively small in financial terms.

Costa Rica has been a strong proponent of green, sustainable and resilient development, particularly in regard to the protection of natural resources, forests and their environmental services. In its Political Constitution, Costa Rica has provided for the fundamental right of a “healthy and ecologically balanced environment, and the responsibility of the State to guarantee it”. In the Costa Rican mindset, environmental protection occupies a privileged position and enjoys popular support, although some areas are recognized to have more progress than others, where significant efforts are still needed.

Existing forestry policies and programs implemented in the last three decades have played a key role in addressing drivers of deforestation. The main instruments have been the National Conservation Area System (SINAC by its Spanish acronym) and the FONAFIFO Payment for Environmental Services Programme (PES).

Thanks to the SINAC, Costa Rica has protected a significant portion of its territory (26%) as Protected Conservation Areas since 1970. Ecotourism, a national GDP driver, positively affects rural economies, especially, in coastal zones and highly depends on these Protected Conservation Areas.

FONAFIFO’s PES program was also instrumental in achieving early REDD-plus results. FONAFIFO’s PES program is based on the polluter pays principle. As of 2018, the PES compensated environmental services in 1,262,720 hectares of forest (over 165,000 hectares in indigenous territories), investing over 413 million USD in economically depressed rural areas reaching over 18,000 different beneficiaries. For the specific years 2014 and 2015, a total of 1,971 new beneficiaries signed PES contracts covering over 100,000 ha for the conservation modality. In 2014 PES of slightly over 20M USD was delivered while for 2015, the amount of payment delivered was over 25.5 M USD.

The PES is mainly financed by 3.5% of the national fuel tax and from a fee for water use. Between 2010 and 2015, 79% of the financing for the Costa Rican PES program came from the fuel tax and 6% from the water fee with only 2% coming from private initiatives. The rest has been covered by donations and debt from international financial organizations. More specifically regarding this debt finance, the PES was expanded thanks to two loans from World Bank known as Ecomercados I and II. Ecomercados' overarching goal was to secure the conservation of biodiversity and to guarantee its long-term sustainability by implementing market-based mechanisms for payment of environmental services.

Over the last 5 years the PES program has been fully funded by the national carbon-tax and water fee, and minimal contribution of the national private sector.

All of the statistics related to the PES programme are publicly accessible online at: http://www.fonafifo.go.cr/es/servicios/estadisticas-de-psa/

The FCPF readiness fund and the UN-REDD programme have also made a financial contribution to the REDD+ readiness process in Costa Rica. The FCPF provided three donations: U$ 200.000 to prepare the RPIN, this was followed by US$ 3.6 M for readiness (including the SESA process, information and pre-consultation process, and finally US$ 5.5M to finalize the Readiness phase and prepare the country's ERPD. The UNREDD programme provided US$ 760,000 in targeted support to Costa Rica between 2014 and Most important is the technical contribution that these programmes have made to REDD+ process.

(ix) Tracking emissions reductions: *Indicate whether the achieved results are included in a registry or similar system that tracks emissions reductions and corresponding payments, and ensures that there is no past or future double payment or use of such results, including information to identify the area where the results were achieved, the entity eligible to receive payment, year(s) generated, source(s) of payments received, and identifying code, where possible. Provide the link or information where to find the registry or similar system*

Costa Rica's REDD+ results will be reported in the UNFCCC Lima Information Hub once the BUR technical annex is finalized. This information will include:

- Results for each relevant period expressed in tonnes CO2/year with a link to the technical report referred to in the decision on modalities for measuring, reporting and verifying
- Assessed forest reference (emission) level expressed in tonnes CO2/year with a link to the final report of the technical assessment
- Summary of information on how Cancun safeguards are being addressed and respected
- Link to the national strategy or action plan
- Information on the national forest monitoring system
- Quantity of results for which payments were received expressed in tonnes CO2/year, and the entity paying for results

As of this date there is no national registry of transactions; however, Costa Rica acknowledges the need for such a tool As explained above, a national registry system covering all sectors of the economy is being integrated in the National Climate Change Metric System (http://www.sinamecc.go.cr/) under the management of the National Climate Change Directorate of the Ministry of Environment and Energy. This national registry is expected to be fully operational in the second half of 2021. This system will be used for the purpose of tracking of authorization, first transfer, transfer, acquisition, cancellation and use towards NDC or towards other mitigation purposes, including also voluntary cancellation and will comply with all the requirements of transparency and traceability necessary that will be defined under Art.6 of the Paris Agreement and include all the sectors that take part in emission reductions such as energy, industry and forestry. It is important to note that there are no REDD-plus subnational projects in Costa Rica.

C. Non-carbon elements

Please provide link to the summary on information on safeguards: Link to document: as posted on UNFCCC web platform https://redd.unfccc.int/uploads/4863_6_primer_informe_nacional_sobre_salvaguardas_para_la_estrategia_redd_2Bnov30.pdf

C.1. Cancun safeguards

C.1.1. Compliance with Cancun safeguards. *Please provide any additional information that supplements the information included in the "summary of information on safeguards" that allows understanding how each of the safeguards below was addressed and respected in the full period during which results were generated in a way that ensures transparency, consistency, comprehensiveness and effectiveness:*

(i) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements.

Costa Rica considers that the National REDD+ Strategy started implementation in 2010 and that policies and measures under implementation since then have been in line with the available UNFCCC guidance and COP decisions.. However, actions to reduce deforestation started decades before as Costa Rica is a pioneer country on forests and biodiversity conservation, having implemented since 1997 a scheme administered by FONAFIFO that paid landowners to protect forests in return for the benefits they provide, such as conserving wild species, regulating river flows and storing carbon through a PES scheme[22]. Other important policies include the prohibition of land use change in forested areas enacted by the Forest Law No. 7575 of 1996, as well as the National Strategy for Fire Management enacted in 1997, which set guidelines for planning, monitoring and evaluation of various activities carried out at national level in this area.

Reduction of deforestation and increasing forest cover since the 1980s in Costa Rica is explained by a combination of the command and control measures described above, and the positive effects of incentive programs including the PES (see section D6 for details and references). The PES program in Costa Rica has been the primary incentive-based program operating during the period for which results-based payments are sought and is one of the six policies and measures of the National REDD+ strategy. As the PES program was created under the Forest Law No. 7575, is consistent with the national forest program and relevant international conventions and agreements. FONAFIFO's PES Program was and is implemented following applicable Costa Rican policies, laws and regulations (PLR) provisions including fiduciary controls, transparency provisions, a monitoring and evaluation framework, and regular audits and performance reports. As per Costa Rica's transparency laws, main statistics, monitoring and audit reports are publicly available in FONAFIFO's website.

The PES programme was created and has been implemented consistent with Costa Rica's Constitution and policies, is aligned with the national legislation and forest programs as well as with international duties and obligations under international law related to forest management, biodiversity, conservation, public participation, non-discrimination, and human rights (particularly of indigenous peoples and minorities), among others (see the ESA in Annex XIII(h) and PLR review).

Moreover, the PES programme is aligned with Costa Rica's climate change objective of becoming a Carbon Neutral economy starting year 2021, as a culmination of its voluntary pre-2020 action, as well as its post-2020 commitments under the Paris Agreement, supporting the implementation of the NDC. Indeed, Costa Ricais committed under its NDC to a maximum of 9,374,000 T CO2eq net emissions by 2030, and recognizes that carbon neutrality is based on the mitigation potential of the Forestry sector. Moreover, it makes specific reference to forest conservation as part of the whole NDC in its annex 1 on mitigation options (enhancing carbon sinks). Its contributions to Costa Rica's climate change mitigation are reflected in the country's GHG inventories. Furthermore, the PES programme under all modalities contributes to enhance resilience in the face of climate change mitigation (ecosystem-based adaptation).
FONAFIFO's capability to execute PES has been demonstrated and supported by thoroughly documented success. Between 2014 and 2015, the period for which the results-based payments are sought, the PES programme:

i. was a critical contributor at the national level to the registered reduced emissions of 14,794,749 t CO_2e for the period 2014-2015;
ii. signed 1,971 new contracts signed with land titleholders of the 17,776 contracts signed since 1997;
iii. placed 118,900.1 hectares under areas of conservation, reforestation, natural regeneration and agroforestry systems; and
iv. provided incentives, and therefore benefits to over 1,971 individuals (309 of those beneficiaries being women).
v. released $141,142,675 *Costa Rican colones*[23] in incentive payments to beneficiaries.

Such results evidence that the implementation of the PES programme has been consistent with the objectives of national forest programmes and relevant international conventions and agreements.

[22] Details of the PES programme, requirements to participate, regulations and operations manual, are publicly available at www.fonafifo.go.cr
[23] Equivalent to $ 24'818,391 USD at December 2019 exchange rate (1USD=5.89 *colones*)

The above-referenced SOI names a number of these PLRs that as applied, contributed to complementing or improving consistency with the Cancun Safeguards i.e. Convention on Biological Diversity, the Climate Change Convention, ILO 169, UN-REDD Guidelines on Free Prior and Informed Consent (FPIC), the National Forestry Law, the national forestry development plan, the biodiversity law which in addition to all matters related to biodiversity conservation includes the respect of for the diversity of cultural practices and traditional knowledge associated to biodiversity of communities, IPs, small farmers and other cultural groups, amongst other instruments.

As required by UNFCCC REDD+ decisions, a Safeguards information system (SIS) has been developed for providing information on how the activities of the PES and other policies and measures contemplated under the National REDD-plus Strategy are implemented to complement and ensure consistency with the Cancun safeguards and consequently, the national forest programs and relevant international conventions and agreements. The SIS facilitates sharing, compiling, analyzing and reporting information among relevant government institutions, project bodies, and stakeholders about the safeguards, including consistency with applicable PLRs. The SIS, while constantly evolving and improving, has been designed to date, along with a Costa Rica's National clarification of the Cancun Safeguards and a preliminary set of indicators for monitoring and assessing safeguard compliance that will be hosted in the CENIGA platform. Additional information on complementation and consistency with PLRs can be found in the Environmental and Social Assessment (ESA) of the PES programme found in the Annex XIII(h) to this FP.

Several studies document the PES programme's positive impacts regarding forest conservation (Locatelli et al 2008; Pagiola 2008, See Section D6 for details and references), recognizing the centrality of human rights to sustainable development, enhancing environmental services and co-benefits and the fair distribution of development opportunities and benefits. The PES programme has progressively promoted the principles of accountability and the rule of law, participation, inclusion, equality and non-discrimination, particularly offering all opportunities to both men and women and striving to focus on underserved populations such as indigenous peoples and small and medium producers.

(ii) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty.

Transparency and disclosure are required by Costa Rica's national's legislation for all government implemented programs and projects. FONAFIFO's PES programme was and is implemented following applicable Costa Rican PLR provisions including fiduciary controls, transparency provisions, a monitoring and evaluation framework, and regular audits and performance reports. As per Costa Rica's transparency laws, main statistics, monitoring and audit reports are publicly available in FONAFIFO's website.

FONAFIFO includes in its website up to date statistics on the following parameters: number of PES contracts disaggregated by gender, number of PES contracts for the different modalities of PES (hydrological resources, conservation, biodiversity, agroforestry), PES contracts benefiting indigenous peoples, budget and expenditures, and requests to participate on the program.

In accordance with applicable policies, laws and regulations, the PES programme is subjected to fiduciary controls, transparency provisions, a monitoring and evaluation framework, and a requirement of regular performance reports from title holders and monitoring by the *partners/beneficiaries* and the government through the forestry officers and SINAC.

As requested by Costa Rica's Comptroller Office for all public offices, FONAFIFO has in place a system to receive, resolve and track grievances in operation since 2010. Between 2014 and 2015, 285 grievances were received and resolved. The majority of the grievances were related to delays in processing the contracts or payments, and around 20% of the grievances were related to the quality of FONAFIFO's regional offices premises (e.g. uncomfortable seating and lack of air conditioning). According to the annual reports of FONAFIFO's grievance mechanism in place during the results period (managed by the Comptroller office) no grievances that evidence the lack of respect for the social and environmental safeguards were received (See Annex XIII(h) of the FP for more information on the grievance mechanism). While there is not sufficient documentation on accessibility and dissemination of FONAFIFO's grievance mechanism beyond that the information provided to program's participants, Costa Rican's population is largely aware that the Comptroller Office has a role to inspect and

promote transparency and accountability of government institutions[24]. A broader, enhanced grievance mechanism for the whole National REDD+ Strategy (MIRI acronym in Spanish covers all the PAMs beyond the PES), was designed and is summarized in Annex D of the ESA, the MIRI is not yet fully operational due to lack of funding. This project will aim to support its operation (see the ESMF recommendation).

In compliance with the institutional transparency regulations, FONAFIFO discloses on its website[25] the following information in addition to the information mentioned above: complete inventories of goods and expenses, personnel, organigrams, purchases and contracts, budgets, institutional plans, annual reports, participatory mechanisms, open data systems.

The PES programme is subjected to monitoring through a sample-based monitoring system in which a representative percentage of the *fincas (farms)* with PES contracts are visited by a forestry officer (*Regente* in Spanish), who monitors compliance with the provisions of the contract.

FONAFIFO is subject to both internal[26] and external[27] audits, which are publicly disclosed in FONAFIFO's website, in accordance to Costa Rica's Transparency Laws. Over time, issues and execution risks associated with implementation of the PES programme were evidenced, once identified, corrective measures were taken to improve the implementation of the Program. For example, regulations of the conventional modalities of the PES programme, limited the area for participation to 300 hectares before 2014, allowing up to 600 has in 2014 in the case of indigenous peoples, this provision limited the participation of collectively owned indigenous territories that had interest on submitting larger areas to the Program. In response, the special PES programme for indigenous peoples was designed in consultation with indigenous peoples through Integral Development Associations (ADIs by its Spanish acronym) as further described below.

(iii) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.

Since the PES programme began, FONAFIFO has been committed to ensuring respect for the rights of indigenous peoples (IPs) and their traditional knowledge and has been progressively strengthening provisions to enhance IP participation. The PES programme in Costa Rica in its latest phase aimed to strengthen and provide positive incentives for environmental and territorial management in indigenous territories by IPs based on their cultural values and traditions, and to consolidate their territories as essential protected areas for the conservation of forest ecosystems. This occurred in response to the identification of issues related to existing conditions to access the PES that were not necessarily aligned with specific conditions in IPs territories.

Recognizing that when the program started the conventional PES modalities did not contain special provisions for indigenous peoples' participation, with the exception of having the possibility to have larger areas under contract (600 ha maximum as opposed to 300 ha for other contract-holders). Despite it being a larger area for IPs, this provision limited the participation of collectively owned indigenous territories. In response to this, the special PES programme for indigenous peoples was designed in full consultation with indigenous peoples through their ADIs and in implementation since 2016, allowing the participation of a maximum of 1,000 ha and with a special provision for allowing the use of 2% of the territory for subsistence activities. In addition, to renew contracts in the same areas, there is no need of contracting a forestry officer to visit the area.

Moreover, following the constitutional mandate and international Agreements during the period 2014-2018 the government of Costa Rica developed a directive on the consultation mechanism with IPs to ensure FPIC is delivered wherever needed. The latter together with the development of the national REDD+ Strategy enabled the construction of a specific PES modality designed specifically for IPs to ensure its applicability in accordance to their cultural practices and customary law. In addition, while the FPIC directive was being agreed and regulated, Costa Rica carried out multiple participatory processes ensuring that key stakeholders were able to participate effectively in decision making processes associated with REDD+ and the implementation of the PES programme.

Moreover, the special PES programme for indigenous peoples recognizes indigenous territories as areas of effective conservation and protection of biological diversity, managed by IPs and including sustainable use of

[24] OECD (2016), Open Government in Costa Rica, OECD Public Governance Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264265424-en.
[25] See https://www.fonafifo.go.cr/es/transparencia-institucional/
[26] See internal audit report from 2014 at: https://www.fonafifo.go.cr/media/1160/auditori-a-interna-2014.pdf
[27] See external audit report for 2017 at: https://www.fonafifo.go.cr/media/2403/auditoria-fonafifo-2017.pdf

resources. With respect to non-tangible cultural heritage like traditional knowledge or practices, IPs cultural heritage and traditions related to sacred and secular/economic significance of forest, water and other natural resources, formed the basis of the special PES programme for indigenous peoples designed in 2015.

There have been few reports of problems regarding management of the payments from the PES in the contracts in indigenous territories, in the cases where there occurred, some were resolved via informal mediation while other were referred to the formal justice system. Annex C of the ESA includes more detail on reports and complaints regarding the implementation of the PES programme in Costa Rica.

(iv) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of 1/CP.16.

The Constitution in Costa Rica establishes a mandate to ensure full and effective participation of citizens in decision making processes, ensuring access to information and justice. As a result, and in the context of environmental legislation there are multiple mechanisms that enable citizen participation and include regional environmental councils, regional conservation councils (CORAC), and the National council on Conservation areas, the national commission for biodiversity management (CONAGEBIO), the Natural Resources Surveillance Committees (COVIRENAS) that include the participation of IPs, local Councils on Biological Corridors and the National Forestry Office (ONF) amongst others.

Incrementally since 1997, the PES design and implementation became highly participatory, involving national, regional and local stakeholders, relevant government agencies, the private sector, indigenous peoples and *campesino* organizations, NGOs, and universities. A complete stakeholder mapping and analysis was carried out in July 2013, identifying all groups that should be involved in planning, implementation and monitoring. Participation in the PES programme is voluntary, where a broad number of stakeholders that comply with the basic requirements are invited to participate. As a result, 17,776 PES agreements have been put in place since 1997 (until February 2018). Information on requirements and how the mechanism works is made available on FONAFIFO's website.

The National REDD+ Strategy was consulted at the national level with a methodology that had three phases; information, pre-consultation and consultation; and was carried out recognizing the four "regional territorial blocks" (BTR), which group ADIs according to their sociocultural characteristics and geographic location, established to facilitate the institutional articulation between indigenous peoples and FONAFIFO; Atlántico, Central Pacific, Central and North and South Pacific. They work via definition of an ADI with the implementer role for REDD-plus. The ADIs facilitated the information and articulation process with indigenous communities at the local level serving as a coordination entity for several territories in each region. FONAFIFO delegated to the ADIs all the logistic and financial responsibilities during the participatory process.

Between 2013 and 2014, FONAFIFO along with Tropical Agricultural Research and Higher Education Center (CATIE) developed a program of cultural mediators[28] that spoke native indigenous languages, and which were selected by territorial authorities. This program included 150 cultural mediators that carried out the following activities: i) delivering information about the NRS and PES in culturally appropriate ways ii) gathering recommendations and proposals to be considered as part of the "pre-consultation" process.

During 2012-2015 and under the 'pre-consultation' process for REDD-plus in Costa Rica over 180 stakeholder engagement activities were carried out in the country, including townhall meetings, information and capacity building workshops, and analysis of proposals by the regional territorial groups, in order to review the PES modalities so they better responded to indigenous peoples, taking in account their customary views, and resulting in the special modality for PES for indigenous peoples, which has been in implementation since 2016.

In the pre-consultation process in 2010, IPs requested the development of a mechanism for consultation for REDD-plus including PES for indigenous peoples. The design of the special PES programme for indigenous peoples, was carried out under a broad participatory process. FONAFIFO established partnerships with a large number of regional and local indigenous organizations that were actively involved in special PES programme for indigenous peoples' design, implementation and monitoring.

[28] See Systematization of the Free, Prior and Informed Consent process for REDD+ in Costa Rica http://ceniga.go.cr/wp-content/uploads/2020/02/Sistematization-of-Consultations-IPs-Costa-RIca-ENG.pdf

The PES programme encouraged inclusive participation at all levels of stakeholder engagement, decision-making, capacity building and training etc. While both women and men with titles could voluntarily enroll in the programme, and all community members were invited to participate in PES-sponsored meetings and trainings, access to the traditional PES scheme in Costa Rica is granted based on land-tenure rights. Given that 84.3% of land is owned by men, 15% of farms are owned by women, and most of them are small farmers (under 10ha), where only 8% receives technical assistance and training, before 2010 the PES reproduced existing discrimination against women, especially regarding participation in design and implementation or access to opportunities and benefits of the project. Similarly, PES in indigenous territories, generated risks of unequal distribution of benefits, negatively affecting women. Recognizing this, the PES programme since 2010 included an objective to increase women beneficiaries of the program. During 2014, women participation increased by 49% compared to 1997, additional measures to enhance women's participation are described in the Gender Action Plan (Annex XIIIc).

(v) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.

Costa Rica has a series of instruments to promote protection of natural forests and biological diversity. Organic Law of Environment 7554 responds to Articles 50 and 140 of the Political Constitution of Costa Rica. Article 48 of this law establishes the obligation of the State to conserve, protect and administer forest resources and regulates the production, exploitation, industrialization and promotion of these resources, guaranteeing their sustainable use. The PES programme was designed under the above-mentioned legal and policy framework, and was designed with the objective of contributing to the conservation of biodiversity, implementation of the forestry law, and strengthening of the national protected area system

The Forestry Law under which the PES programme prohibits the cutting or use of forests in national parks, biological reserves, mangroves, protected areas, wildlife refuges and forest reserves owned by the State (Art. 1) and on the other hand Art. 19 establishes a total prohibition to change the use of forest land: "On forest-covered land, it will not be allowed to change the use of the land, nor establish forest plantations." Throughout the implementation of the PES programme, procedures to address possible situations where adverse impacts occur in natural forests, critical habitats, endangered species, etc. have been established and are currently in operation. For example, in the cases where there is breach of contract or reports related to possible adverse impacts in PES areas, payments are suspended until there is verification of the situation by FONAFIFO. Once verification of such situations occurs, either corrective measures are taken, or the permanent suspension of the contract is determined. It is important to note that most of the reported cases on breach of contract to date are under the reforestation modality and are related to low capacities/difficulties to implement reforestation measures. For example, according to FONAFIFO's legal department, in 2019 there were 16 cases processed where only 3 were associated with cutting down trees in PES forest areas; such cases where as follows; one where 2 trees were cut, another where 12 trees and the largest one with 58 in an project of 200 Ha associated with the impact of Hurricane Otto. On another note, for the results period, in 2014 there were 12 cases reported under the conservation PES, while in 2015 only 7[29].(for more details see description of output 2, activity 2.2 in section C.2)

The PES developed instruments for the recognition of environmental services of mitigation of GHG emissions (fixation, reduction, sequestration, storage and absorption), protection of water for urban, rural or hydroelectric use, protection of biodiversity to conserve it and sustainable, scientific and pharmaceutical use, research and genetic improvement, protection of ecosystems, ways of life and natural scenic beauty for tourism and scientific purposes. In addition, the PES programme was specifically created to improve access to financial resources to small and medium-scale producers, including IP and local communities. Finally, under the improved PES modality for IP designed in 2015 and as requested by the IP in the consultation process, there are special provisions for equitable benefit sharing and benefit distribution plans.

The forestry law recognizes four of the main ecosystem services including carbon sequestration and storage, biodiversity conservation, watershed protection and landscape beauty[30]. The PES programme is voluntary, and open to a broad number of stakeholders (17.776,3380 PES agreements are in place since 1997[31]). The Program

[29] FONAFIFO has files and reports on a case by case basis and are publicly available upon request.
[30] Mejías and Segura, 2002; Wunder, 2005 and Russo and Candela 2006
[31] Information provided by FONAFIFO, available at http://www.fonafifo.go.cr/es/servicios/actividades-y-sub-actividades/

is based on four fundamental pillars: Institutional strengthening, Legal Framework, Financing and Monitoring and Evaluation. The Program has detailed operation manuals[32], that have been updated and improved through time.

Since its creation, more than one million hectares of forest in Costa Rica have been part of the PES programme schemes at one time or another and as a result forest cover has returned to over 50 % of the country's land area, from a low of just over 20% in the 1980s. Since its establishment and according to information available in 2018, the PES programme has covered 1'262,720 Ha, where 1'134.072 Ha have been under the conservation modality; 71.711 Ha under the Reforestation modality, 1.248 Ha under forest plantations; 3.262 Ha in post-harvest Protection and 24.360 Ha on natural regeneration[33] PES[34]. While deforestation and forest degradation continually increased globally, Costa Rica developed policies and incentives aimed at strengthening its National System of Protected Wild Areas (ASP) and its PES program, which together cover approximately 35% of the country and 70% of the forests; while forest cover has grown by more than 20% in the last 25 years, currently located in more than 52% of the country's territorial area (SINAC, 2013). Thanks to this, the forestry sector has become a net emission sink with a cumulative total of 1 million tons C between 1998 and 2005 under the reforestation modality and an estimate of around 11 million tons C as a result of avoided deforestation by the PES programme between 1999 and 2005 (Tattenbach et al 2006; Pagiola 2008). More importantly, it provided a concrete example that demonstrates that developing countries can reduce emissions in the forestry sector while maintaining vital functions of critical ecosystems, improving its resilience to climate change, and providing opportunities for access to key environmental and economic resources, especially to small and medium producers in rural areas. Moreover, Costa Rica's model served largely as a reference for the design of the REDD-plus political-strategic framework at a global level.

According to the PES manual for the implementation of all modalities, reports on the status of the area before receiving payments is required. Moreover, to ensure conservation of natural forests and avoid conversion, reforestation projects are aimed to promote conversion of degraded lands and pastures. The latter allows the enhancement of forest carbon stocks.

During 2014-2015, five different types of PES contracts were in place:

- **Forest conservation contracts:** where payments ranged between US$297 and US$316 per hectare[35] (equivalent to $59 and $63 per year per hectare pending of the exchange rate), disbursed evenly over a five-year period, for forest conservation easements. Eighty-five percent of contracts in the PES programme to date support forest conservation easements that target conservation of vegetative cover in primary and secondary forest areas. Contracts are signed for five years and can be renewed depending on availability of funds.
- **Sustainable forest management contracts:** payments ranged between US$232 (2014) and US$247 (2015) per hectare, disbursed over a five-year period, for sustainable forest management easements. Nine percent of contracts in the PES programme support sustainable forest management. Landowners must make a commitment to maintain forested areas for a period of 15 years.
- **Reforestation contracts:** payments ranged between US$910 and US$1,196 per hectare with introduced species[36] and between US$1,365 (2014) and US$2,114 (2015) with native species, disbursed over a five-year or ten-year period (depending on the year of signature), for reforestation easements. Landowners must make a commitment to maintain reforested areas for a period of 15 to 20 years, depending on tree species. Six percent of contracts in the PES programme support reforestation of degraded and abandoned agricultural lands.
- **Natural Regeneration:** payments around U$186 disbursed over a five-year period (20% per year). This is considered a reforestation modality, for abandoned pastures.
- **Agroforestry contracts (newer modality, implemented since 2003)[37]**: Payments ranged between 1.21 and 1.73 USD per tree, disbursed over a 3-year period.

[32] Operation manuals available at: https://www.fonafifo.go.cr/es/documentos/manuales-del-ppsa/
[33] Until 2006, information on reforestation and natural regeneration was consolidated, since 2006, FONAFIFO started to provide this information separately.
[34] Information available in FONAFIO's website: http://www.fonafifo.go.cr/es/servicios/actividades-y-sub-actividades/
[35] Payments are done in Costa Rican C*olones*, so the amounts in dollars are not exact and subjected to the corresponding exchange rate.
[36] In Costa Rica, Reforestation with exotic species is limited to Melina and Teca. Two species broadly used in reforestation across central America with specific management manuals approved by FONAFIFO. Moreover, reforestation is carried out in areas mostly under 100 Ha with only 6 companies with forest plantations above 100 Ha. The manuals are available online in FONAFIFO's Website.
[37] Minimum 350 trees and maximum 3500 trees per PES contract.

Per these agreements, the partners place all or part of their lands into a conservation, sustainable forest management, reforestation or agroforestry area in exchange for the annual incentive payments. Where indigenous groups are involved, the contracts and benefit distribution arrangements are approved by their highest authoritative body. The PES's primary targets small and medium forest landholders, including indigenous peoples aiming to enhance benefit distribution, where literature suggests notably positive results of the program (Locatelli, 2007).

(vi) Actions to address the risks of reversals.

In terms of environmental sustainability, the surrounding PLRs and implementation manuals, templates, and guidelines are all directed toward conservation of biodiversity, avoidance of deforestation, and addressing poverty and inequality, all while maintaining and enhancing natural capital. In fact, Costa Rica is one of the few countries in the world that has demonstrated that is possible to decouple deforestation from development, and the significant recovery of forest cover over the past decades is attributed to a combination of command and control measures and positive incentives including the PES programme (See Section D6). It is important to note that the Forestry Law under which the PES programme was established prohibits the cutting or use of forests in national parks, biological reserves, mangroves, protected areas, wildlife refuges and forest reserves owned by the State (Art. 1) and on the other hand Art. 19 establishes a total prohibition to change the use of forest land: "On forest-covered land, it will not be allowed to change the use of the land, nor establish forest plantations." This itself constitutes one of the key elements that reduce the risk of reversals in Costa Rica.

Under the PES contracts, the release of economic incentives is tied to regular monitoring and mandatory periodic reporting. Moreover, they restrict certain types of resource uses, with the aim to avoid reversals, mainstream long-term environmental sustainability into the PES programme, continue to foster good governance at the national and local levels (including traditional governance structures of IPs). Consistent with the UNDP SES, the PES programme strengthens environmental management and protection by working with the *socios*/partners, not just as beneficiaries, but as partners in the development of the PES programme, specially its new modality for indigenous peoples, the monitoring and implementing of objectives.

The primary focus of the PES programme is conservation, reforestation, and sustainable forest management benefiting small and medium holders. The initial monitoring and reporting tended to focus predominantly on ensuring contract compliance and no alterations of the land uses in areas of conservation, reforestation or sustainable forest management (i.e. that land cover remained untouched).

In addition, two of the PES traditional modalities (forest management contracts and reforestation contracts) imply that landowners must commit to maintain forest areas for 15 to 20 years after the contracts ends. These measures evidence that the PES programme contemplates measures that reduce the risk of reversals.

It is also important to note that the literature also suggests that areas which are committed long-term to the programme store a significantly larger amount of carbon as compared to unenrolled areas. Sierra and Russman (2006) found that agricultural land use declined the longer payments were in effect, disappearing almost entirely by the fifth year. In a review of several sub-national studies of the PES programme, Daniels et al. (2010) highlights this study among others as evidence for a long-term effect on forest expansion relative to a business-as-usual scenario. This highlights the importance of Costa Rica's long-term commitment to funding its national PES programme over the past 25 years.

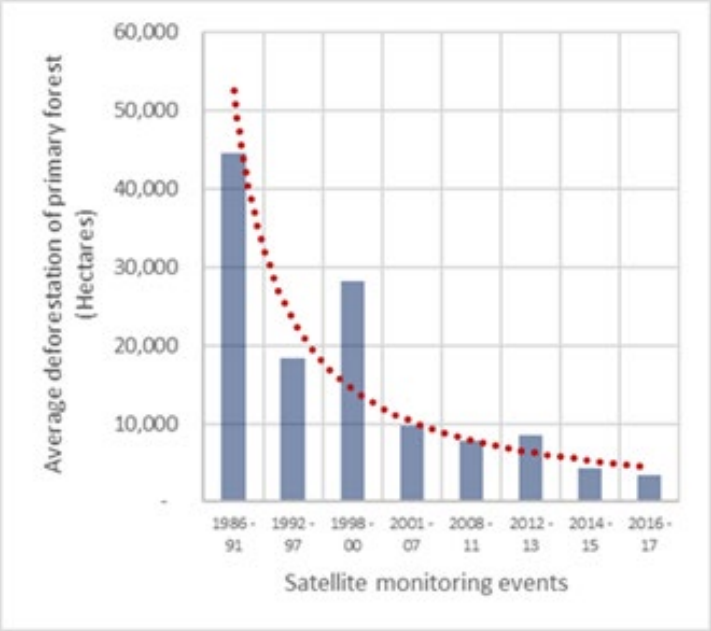
Since 2011, Costa Rica has strengthened coordination mechanism to monitor forest cover improving methodologies for the estimation of activity data, achieving more robust information for decision-making processes. As part of this work, the early warning system for forest fires has been strengthened, allowing quicker responses when these cases are presented.

In this proposal, Costa Rica is seeking results-based payments for 14,079,777 tCO2e of the 14,794,749 tCO2e emission reductions achieved on a national scale, for the years 2014-2015. Table 3 below shows how emissions from deforestation in Costa Rica have decreased over time. Preliminary estimates for 2016, 2017 and 2018 (see section A) shows no evidence of reversals of these emissions reductions in the following years. On the contrary, the average annual deforestation rate (ha/yr) continued to be reduced over the period 2016-2018 as shown in Section A and in Figure 3 below). This provides evidence that there is a minimal risk of reversals, demonstrating the long-term effectiveness of Costa Rica's policies and frameworks to address the underlying drivers of deforestation.

Table 11. *Emission reductions from deforestation over time*

Costa Rica's First Reference Level	Reference Period	1997-2009
	Average annual deforestation rate (ha/yr)	31,138
	Emissions (tCO2eq/yr)	4,365,160
Emission Reductions Reported in the First BUR (2016) based on Costa Rica first FREL	Results Period	2014-2015
	Average annual deforestation rate (ha/yr)	14,795
	Emissions (tCO2eq/yr)	3,032,215
	Average annual emissions reductions (tCO2eq/yr)	1,332,945

Figure 3: *Decreasing trend of average deforestation of primary forest observed during the different satellite land monitoring events made in Costa Rica since 1986 to 2017.*



Additional information on measures taken by Costa Rica to avoid reversals were examined in the ESA of the PES programme found in the Annex XIII(h).

In line with the minimal risk of reversals, as discussed above, and recognizing the utility of buffers to address the risk of reversals, Costa Rica has established a 4.5% reserve of emission reductions equivalent to 663,445 tCO2e which has been deducted from the volume eligible for result-based payment in this funding proposal.

(vii) Actions to reduce displacement of emissions.

Given that there is an integrated package of policies and measures in the National REDD+ Strategy to address the drivers of deforestation on a national scale, the risk of displacement is reduced. The National REDD+ Strategy is a multifaceted initiative to achieve results at the national scale. Emission reductions result from a series of interrelationships of different enabling policies (e.g. inter-institutional coordination) and direct investments made in the field (e.g. subsidies to farmer). It is important to recognize that Costa Rica is implementing its National REDD+ Strategy.

A critique of the Costa Rica PES scheme has been that it does not directly address the issue of displacement; that is, there is nothing to prevent a landowner from conserving forest in one area and receiving payments while simultaneously deforesting another plot of land (Ross et al. 2006). However, the literature suggests that the threat of leakage in Costa Rica is small[38] (Pagiola 2006),

[38] Pagiola, S. 2006. "Payments for Environmental Services in Costa Rica." Online at http://mpra.ub.unimuenchen.de/2010/

Furthermore, Costa Rica has an enacted a policy on the prohibition of land-use change in forested areas enacted by the Forest Law No. 7575 of 1996 which greatly mitigates the risk of displacement associated with the PES scheme.

Having a national FREL and national forest monitoring system in place has allowed Costa Rica to monitor possible displacement of emissions from deforestation within the national forest area and to focus on ensuring that REDD-plus results can be measured, reported and verified at the national scale, in line with UNFCCC requirements outlined in the Warsaw Framework and related COP decisions.

Further information on measures taken to avoid displacement can be found in the ESA.

C.1.2. Stakeholder involvement.

Please describe and provide evidence that the Cancun safeguards information was made transparently available to stakeholders.

Most of the social and environmental principles addressed by the Cancun Safeguards have been part of Costa Rica's legislation for the last 20 years, in compliance with the Constitutional mandate to ensure a healthy and ecologically balanced environment.

The extensive stakeholder engagement process carried out in Costa Rica during the REDD-plus readiness phase (2008-2019) included discussions on social and environmental safeguards. Over 180 participatory stakeholder engagement activities were carried out in the country, including townhall meetings, information & capacity building workshops, and analysis of proposals by the regional territorial groups (BTR acronym in Spanish)[39].

Costa Rica regulated governance arrangements as well as the stakeholder engagement platforms for REDD-plus in two phases; initially during the readiness phase (2008-2019) and later for the implementation phase (2017 onwards). Additional detail on the different stakeholder engagement platforms, boards and secretariats that were established in both cases is provided below.

The Executive Decree Nº 37352-MINAET defined governance for the Readiness phase of REDD-plus where FONAFIFO was the responsible party for REDD-plus in Costa Rica, reporting to MINAE for the elaboration of the National REDD+ Strategy. In addition, it created the REDD+ Executive Secretariat and the **REDD+ Executive Committee** to ensure governance of the National REDD+ Strategy. Formed by an official member and a deputy for each one of the main stakeholder groups or Relevant Interested Parties (PIR); Indigenous Peoples, Timber Producers, small and medium Forest Producers, Government, Academic sector and Civil Society**.** In order to promote coordination among Ministries and other Government institutions in the REDD+ Strategy, the decree established that public institutions shall name focal points to address REDD-plus. The aim was to have these focal points participating in the **inter-institutional commission**, where other stakeholders from the non-government sector that support the National REDD+ Strategy's implementation also participate.

During the implementation of UN-REDD Targeted Support in Costa Rica during 2014-2016 work was carried out to inform, build capacities and address the country's safeguards commitments. The latter resulted in the first national clarification of the Cancun safeguards, a preliminary design for the SIS, and potential indicators identified and discussed (September and November 2014 at the national level). The process included participation of key stakeholders including the REDD+ Secretariat, the REDD+ Executive committee the institutional committee, the technical Indigenous committee, FONAFIFO, SINAC as well as members from the UN-REDD Programme, The REDD-CCAD-GIZ program amongst others.

In 2011, Costa Rica carried out a Strategic Social and Environmental Analysis workshop with over 110 participants from multiple sectors including small and medium producers, IPs, Academics, NGOs, timber industry owners, international organisms and government amongst others. In this workshop potential risks and benefits from the National REDD+ Strategy were identified and the relationship with social and environmental safeguards was clarified. This allowed Costa Rica's REDD+ Secretariat to systematize key elements relevant for safeguards work, resulting in the identification of actions to address potential risks. Such actions were incorporated into the National REDD+ Strategy.

[39] Results from the consultation process to fulfill FPIC for REDD+ in Costa Rica, 2019, by the REDD+ Secretariat in Costa Rica http://ceniga.go.cr/wp-content/uploads/2020/02/Sistematization-of-Consultations-IPs-Costa-RIca-ENG.pdf .

In 2013, a specific meeting was carried out with multiple stakeholders to address safeguards requirements and provide feedback on an initial proposal on safeguards indicators that would feed the SIS. As part of the design of the SIS in 2014, an alliance between the National Environmental Information System and FONAFIFO was established to support the development of the online platform to host the SIS.

C.2. Use of proceeds and non-carbon benefits

C.2.1. General description:

Provide a description on how the proceeds will be reinvested in activities consistent with the country's NDC, national REDD-plus strategy and/or low carbon development plans and policies. The description should also include how the proceeds will be used in a manner that contributes to the long-term sustainability of REDD-plus activities, including non-carbon benefits.

The proposed use of proceeds for this GCF RBP project is focused on improving and expanding public policies that have proven to be successful over the last 25 years for the implementation of the Forestry Law. The GCF RBP project will build on the strong existing legal and institutions framework and seek to strengthen the PES program as a policy instrument to guarantee forest conservation and carbon (C) stock enhancement through reforestation, tree plantations, agroforestry and silvopastoral systems as well as to strengthen fire prevention measures which have proven their effectiveness in the recent past.

Costa Rica has put forward ambitious Carbon Neutrality goals in pre-2020 voluntary commitments and in its NDC, which highlights the crucial role of the forest sector as a sink in achieving it. This project directly contributes to this objective by reiterating Costa Rica's political will to reduce emissions, conserve forest carbon stocks, and increase the ambition of mitigation actions, while actively seeking to eradicate poverty.

Another objective of the GCF RBP project is to further increase participation of all stakeholders in the PES programme, both public and private, including indigenous peoples.

The proposed project is fully in line with the National REDD+ Strategy of Costa Rica. Table 12 below highlights the direct relation between the project outputs and activities and the policies and measures identified in the National REDD+ Strategy.

Table 12. *Support provided by GCF RBP to the National REDD+ Strategy*

REDD-plus RBP Project Outputs and Activities	**National REDD+ Strategy's Policies and Measures**
Output 1. Enabling conditions are in place for effective REDD+ implementation Activity 1.1 Securing implementation of safeguards provisions Activity 1.2. Monitoring and reporting of REDD+ implementation	POLICY 6. Enabling conditions
Output 2. Payment for Environmental Services (PES) and Fighting forest fires Activity 2.1. Expanding and improving the Payment for Environmental Services Program	POLICY 3. Incentives for forest conservation and sustainable forest management
Output 2. Payment for Environmental Services (PES) and Fighting forest fires Activity 2.2. Expanding and improving the Special Payment for Environmental Services in Indigenous territories	POLICY 5. Promoting the participation of indigenous people

Output 2. Payment for Environmental Services (PES) and Fighting forest fires Activity 2.3. Forest fire prevention	POLICY 2. Strengthen the existing programs to prevent and control land-use change and forest fires

Output 1 Enabling Conditions are in place for effective REDD+ implementation

Activity 1.1 Securing implementation of safeguards provisions

Costa Rica has fulfilled the Warsaw framework's requirements on safeguards, including i) submission to the UNFCCC of its first SOI on safeguards and ii) establishing a SIS. Costa Rica has completed its national clarification of the Cancun Safeguards and has identified the relevant legal and institutional framework to apply a national approach to safeguards. Costa Rica has also developed an ESMF for the whole National REDD+ Strategy that includes a gender action plan, and an indigenous peoples plan that are relevant for the implementation of the GCF RBP Project, among others. This activity will ensure that all relevant safeguards provisions are implemented.

First, this activity will support operational improvements to the SIS as well as to further strengthen Costa Rica's capacity for monitoring compliance with REDD+ safeguards in line with the requirements of market and non-market sources of REDD+ results-based payments. More specifically, this includes:

- the operationalization of the Safeguard information system by further clarifying safeguard indicators, strengthening capacities and linking the SIS to the GRM.
- the preparation of a second summary of information on safeguards.
- Technical assistance for the achievement of the Environmental and Social Certification under REDD+ SES or other equivalent standard recognized by voluntary markets.

Secondly, the ESMF for the GCF RBP project (See Annex VI (b)) has identified in detail the specific additional activities that need to be carried out notably related to stakeholder engagement, capacity building, communications, governance, and addressing grievances, amongst others.

Activity 1.2. Monitoring and reporting of REDD+ implementation

Costa Rica's Forest National Monitoring System (FNMS) was consolidated in 2019 and is composed by a Terrestrial Satellite Monitoring System (SMST) and a INF. Through the SMST, national data on changes in use and coverage are collected. The INF compiles territorial data for the development of emission factors, for the estimation of emissions and removals to be reported in the National Inventory of GHG, for the AFOLU sector. The FNMS seats under a broader umbrella platform for coordination of all environmental information in the country, called SIMOCUTE (*Sistema Nacional de Monitoreo de la Cobertura y el Uso de la Tierra y Ecosistemas* in Spanish).

This activity will strengthen national capacities for REDD+ monitoring, reporting and verification. Furthermore, support will also be provided to meet the requirements of emerging market standards such as "The REDD+ Environmental Excellency Standard" (TREES) within the scope of the "Architecture for REDD+ Transactions" (ART) Program. Market standards can be combined with Warsaw Framework for REDD+ result-based payments to maximize REDD+ financing for Costa Rica. Indeed, these standards can be made consistent with UNFCCC decisions for REDD+ while also including additional rules that reduce uncertainties and the risks of leakage and reversals. This activity will also support verification of results by independent third parties. More specifically, this will include:

- Development and implementation of a diversified strategy for capturing REDD+ results-based payments from market and non-market sources based on international partnerships in line with the San Jose principles.
- Updating the FREL for a future submission, methodological improvements in response to technical assessment recommendations, and consolidating methodological consistency with the national GHG inventory and the NDC monitoring framework.
- Preparation of the second technical annex of REDD+
- Support for participation of Costa Rica in market mechanisms including the REDD+ Environmental Excellence Standard (TREES) of the Architecture for REDD+ transaction programme (ART).
- Support for validation and verification processes.

The project will achieve this by providing additional human resources as well as material inputs such as satellite imagery, hardware, software and field monitoring equipment as necessary.

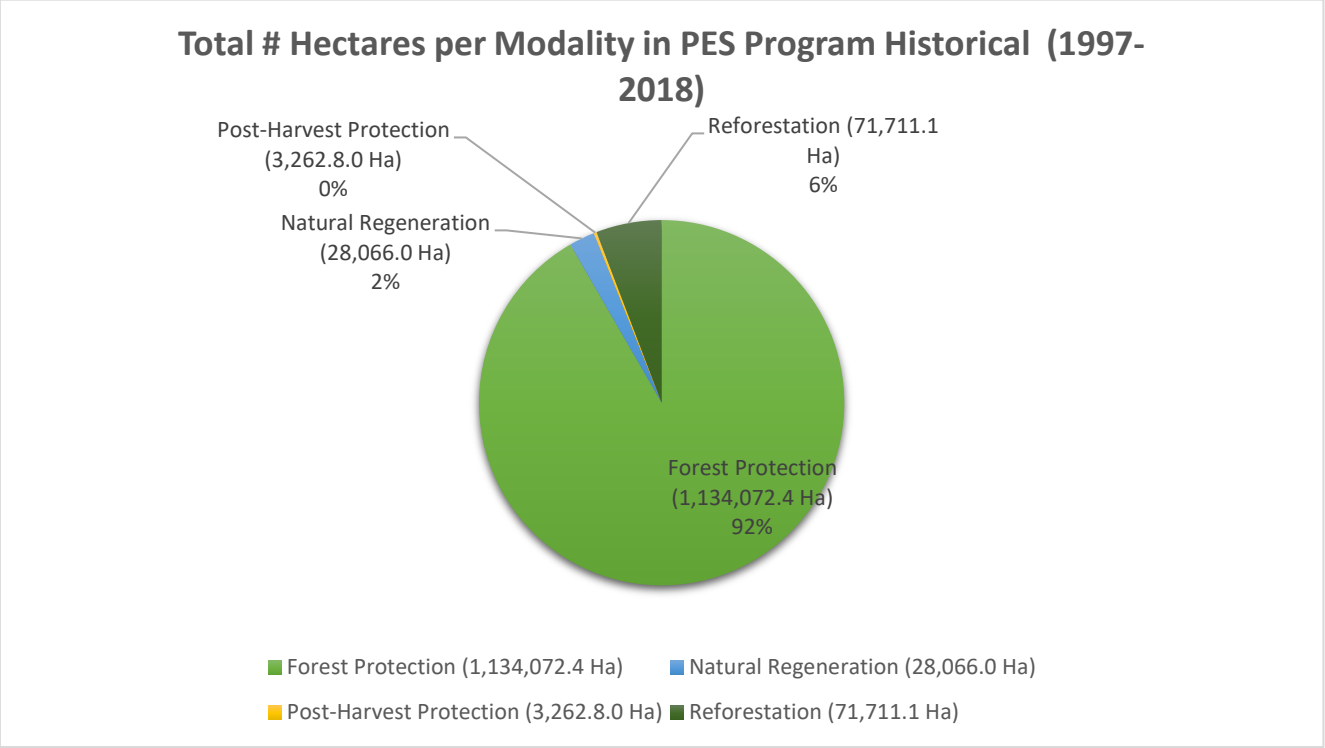
Output 2 – Payment for Environmental Services (PES) and Fighting forest fires

Activity 2.1. Expanding and Improving the Payment for Environmental Services Program .

The PES program is an instrument created by the Forestry Law, with over 20 years of effective application and has received public and private investments. The basic concept of the PES programme is a voluntary contract through which a well-defined land-use practice likely to secure an environmental service is paid by the FONAFIFO to a participant if and only if the participant conducts the agreed land-use practice(s). Currently, the PES programme includes the modalities of i) forest protection, ii) sustainable management of forest, iii) reforestation, iv) natural forest regeneration and v) agroforestry systems.

Figure 4 shows the total area covered by each modality.

Figure 4 Total # Hectares per Modality in PES Program Historical (1997-2018)



Source: FONAFIFO https://www.fonafifo.go.cr/
Note: Agroforestry Systems modality not included as the measure is in # of trees rather than Ha, data not comparable.

Through this activity 2.1, the existing PES programme will be expanded to cover approximately 30,500 hectares aiming to cover additional demand to participate in the Program, with an estimated tentative cost per hectare of US $85.00 potentially benefiting over 1000 private landowners and over 100,000 indigenous people.

The official regulation covering the PES operations manual can be found here. An English summary of PES operations manual can be found in Annex XIII(j). Below is a description of key features of the PES programme, namely (1) prioritization criteria, (2) requirements for applicants and properties, (3) PES evaluation scorecard, (4) procedures for applying, formalizing contract and payment (5) Monitoring of PES implementation; and (6) Withdrawals and renewals. The key element of the Indigenous people's PES modality presented in the description of activity 2.2.

1. *Prioritization criteria and Project size*

The prioritization criteria in the PES Program were established by the Ministry of the Environment (MINAE) through the Executive decree Nº 39660-MINAE, are summarized in table 13 below.

Table 13 Prioritization criteria and Project Size limits for PES contracts

Modality	Basic entry requirements	Minimum and maximum project Size
Forest Protection	Requests are evaluated according to the score card (see table 14)	The minimum area is 2 ha in one same forest and a maximum of 300 ha per year, per farm or set of neighboring farms that are within a 5 km radius. With the established exception for Indigenous territories (up to 1000 ha per contract)
Reforestation	Areas with no forest that is suitable for forest plantations	The minimum area is 1 ha in one same forest block and max. of 300 ha*yr
Natural Regeneration	Barren areas with no forest cover, with nearby seed beds, in areas under regeneration processes, that don´t meet the forest definition and are free of grazing.	Minimum area is 2 ha and a maximum of 300 ha per year, per farm or set of neighboring farms that are within a 5 km radius.
Forest Management	Lands that have forest management plans approved by SINAC	The minimum area is 2 ha in one same forest block, and a maximum of 300 ha per year, per farm or set of neighboring farms or that are within a 5 km radius, With the established exception for Indigenous territories (up to 1000 ha per contract)
Agroforestry Systems (SAF)	Priority to projects that are presented by organizations with an active agreement with FONAFIFO	Minimum number of 500 trees per contract and a maximum of 10,000 trees, that must be associated with agricultural activities. SAFs can propose a mix of timber trees and multiple use trees with a minimum of 20% of timber trees,
SAF-PAF	Only projects that have had credit via the Productive Promotion Credit Subprogram of FONAFIFO and trees that have been established for at least 36 months	Minimum number of trees is 625 for continuous forest blocks and 500 trees for rows with crops and rows with livestock. Maximum number of trees is 3,333 trees in continuous forest blocks, 2,500 trees for rows with crops and 1,430 trees in rows with livestock.
SAF in Mixed Systems	Small farms	Farms with 15 hectares or less

Note: The maximum limits apply to individuals, NGOs, association or companies.

2. *Requirements for applicants and properties*

The basic requirements for all PES applications to the PES Program are the following: copy of the Farm's map in its original scale; duly signed application form, in an orderly, complete and readable manner including contact information of the owner; and "Informed consent" document. Requests for Forest management activities also need to present a certification by SINAC indicating that the management plan was completed

The requirements for properties are that they must: be officially registered in the National Registry; be mapped in the National Cadastre Database; and must not be under any administrative sanctions or lawsuits of any kind. Properties that have constituted mortgages will not be admitted except when in the public deed the mortgagee authorizes the projects implementation.[40] PES projects may be implemented in rented farms as long as the lease is registered in the national registry for the implementation period of the project. The PES operations manual includes specific requirements for requests from unregistered farms (no legal title, under possession) in line with article 9 in law N 8640, and item 39 in the regulation of Forestry Law.

[40] Requests presented for the SAF modality where the properties have constituted mortgages may enter the PES without the authorization of the mortgagee.

3. PES evaluation scorecard

The PES applications are evaluated according to the evaluation scorecard presented in Table 13. FONAFIFO will select farms with the highest scores, that meet all requirements as established in the PES operations manual until all available funds are allocated. In case where there are ties in scores of farms, applications will be processed in the order they were submitted to FONAFIFO.

Table 14 Payment for Environmental Services Application Scorecard

Nº Criteria	Prioritization Criteria	Score
1	a) Forests in private farms located within Wildlife Protected Areas b) Forests in Indigenous territories	115
2	c) Forests in farms located in areas defined inside Conservation value sites d) Forests in farms located in officially established biological corridors	110
3	e) Forests that protect sources destined for water supply, primarily for drinking water (based on information provided by the water supply and sanitation institutions)	105
4	f) Forests outside of any of the above-mentioned priorities	55
I	g) Forests for protection that meet with the above-mentioned criteria and that have subscribed PES contracts in previous years, will also be considered for these matters contracts that end their validity period	10 additional
II	h) Forests in farms located in districts where the social development index below 43.4%, according to MIDEPLAN's determination in 2013.	10 additional
III	i) Forests that fall in any of the above-mentioned priorities, with active requests to enter the PES programs in areas below 50 ha. These points will only apply if the area of the farm is equal or under 50 ha.	25 additional
IV	j) Forests in any of priorities a, b, c, d, e, and f, with active requests to enter the PES program that have areas under 100 ha with civil registry number (folio real) and the area in the PES application has maximum 50 ha, for forest protection projects processed by organizations with a valid agreement that FONAFIFO, that are not included in the previous item.	10 additional
V	k) Forest whose owner or co-owner is a woman	25 additional

Note: Scores in criteria 1,2,3 and 4 are mutually exclusive

4. Procedures for applying, formalizing contracts and payment

The formalities for applying, formalizing contracts and making payments are summarized in annex XIII(j) which also includes detailed flow charts of the process. The applications process is open and voluntary. Interested applicants can receive support from FONAFIFO to meet requirements. Most processes are automated through FONAFIFO's PES information System. The goal is for this system to become fully digital in the upcoming years. The payment process operated by the Ministry of finance is completely automated.

5. Monitoring of PES implementation

The key principle of any PES schemes is conditionality in payments. Payments are made if and only if the participant conducts the agreed land-use practice(s) hence the importance of regular monitoring. FONAFIFO has different monitoring tools in place. The main monitoring standard procedure is a field visit carried out annually by Forest Regents (*Regentes Forestales*), who are professional forest engineers trained and certified by the Engineering School of Agronomy in Costa Rica and that are sworn as Notary Publics (*Fé Pública*). Every year Regents visit each farm and present a technical report certifying that the participants forests are in compliance with the modality's requirements. This report one of the main conditions for FONAFIFO to approve the disbursal of payments to beneficiaries each year. Once the Farm fulfils all other the requirements for the yearly payment, disbursals are made to the client's account by FONAFIFO (PES Operations manual, 2020). In the case of 5-year contracts, at the end each contract will have five Forest Regency reports.

In addition, to ensure that Forest Regents are fulfilling their mandate to visit and certify the state of forests in all contracts, external audits are carried out as follows:

1. At any time throughout the implementation of a PES project, areas may be visited by FONAFIFO's Professional personnel, the School of Agricultural Engineers Prosecutor, and/or SINAC personnel to review and verify the status of the area and information included in certifications.[41]
2. During the first month after each year of implementation SINAC must present an annual report to the General Management of FONAFIFO on all activities held since the disbursal of funds by FONAFIFO.
3. The National Forestry Office (ONF) must present a report during the first month after each year of implementation must present an annual report to the General Management of FONAFIFO on all activities held since the disbursal of funds by FONAFIFO.

Finally, FONAFIFO's monitoring and control department carries out internal audits every year. In this process they randomly select 10% of the contracts for audit. All of the selected farms are visited to verify their implementation. In order to have a more expedite and effective auditing process, FONAFIFO is working on a project to include satellite monitoring tools into the auditing process to identify Farms and territories with PES contracts that may have inconsistencies so they can be selected for field visits and audit, making the Monitoring and review process more agile and cost-effective.

6. Withdrawals and Renewals

There is a high demand to participate in the Program and strict selection criteria hence, beneficiaries go through important effort to access PES contracts. Withdrawals from the PES scheme are not common. The majority of contract cancellations to date, are due to lack of compliance, especially under the reforestation modality. It is important to note that when non-compliance events are identified FONAFIFO tries to support beneficiaries to improve potential difficulties to avoid cancelling contracts where possible, when non-compliance is partial they ask beneficiaries to return part of the benefits to FONAFIFO only in very extreme cases of non-compliance actions are taken to cancel contracts. For example, in years 2018 and 2019 a total of 721 non-compliance events occurred, but there were no voluntary withdrawals. Funds returned to FONAFIFO as a result from the cancellation of a contract with an individual farmer or indigenous community are reassigned to a new contract with another individual farmer or indigenous community[42]. The new contracts will be awarded according to the same eligibility criteria.

The program aims to renew as many contracts as possible, depending on the availability of funds each year, given that new contracts are granted according to the score in the evaluation matrix to ensure they target strategic conservation areas. According to FONAFIFO, during the period 2011-2015 between 40-55% of contracts were renewed.

Activity 2.2. Expanding and Improving the Special Payment for Environmental Services in Indigenous territories

This activity will make payments for environmental services to indigenous communities according to the modalities of the special PES in indigenous territories.. The modality operates in a way that is similar to the regular PES programme described in activity 1.1. Nonetheless, there are important differences resulting from an extensive engagement process between indigenous peoples and FONAFIFO. The indigenous people's context and key differences are presented below.

According to the 2011 Census held by the National Institute of Statistics and Census (INEC) in Costa Rica, 104,143 inhabitants define themselves as indigenous, equivalent to 2.4% of the country's total population where 49.5% are women and 50.3% men. Costa Rica has eight different ethnic groups: Cabécar, Bribrí, Brunca or Boruca, Guaymí or Ngäbe, Huétar, Guatuso or Maleku, Térraba or Teribe and Chorotega. The majority of the Indigenous population in Costa Rica is settled in 24 "indigenous territories" with a total area of 334,447 hectares, distributed across the county's different regions (see Figure 5). The official entities for the administration and governance of the Territories are the ***Integral Development Associations (ADIs)***, created by the regulations of the Indigenous Law, have the legal representation of indigenous communities. While some Indigenous peoples have embraced ADIs as their governance structure, others keep their traditional structures of governance. It is relevant to note that 20 of the 24 indigenous reserves are located in the southeast of Costa Rica (provinces of Cartago, Limón and Puntarenas).

[41] In control visits, FONAFIFO will use forms with indicators designed for all included activities. These forms will be included as annexes to the corresponding files and will have the corresponding monitoring and follow-up. To manage the information, FONAFIFO uses its GIS based PES project database integrated in the PES Information System (SiPSA).

[42] There will be no reflow of funds from FONAFIFO to UNDP in the context of the performance-based payment agreement described in section C.2.5. FONAFIFO pre-finances activities and assumes the risk of non-performance in the project. UNDP does not use GCF resources to pre-finance activities and will only pay FONAFIFO after results are achieved and independently verified.

It is important to mention that Indigenous territories are the only community owned private areas in Costa Rica. Moreover, according to national legislation the ADI established for each indigenous reserve has legal representation of the indigenous community. The Indigenous Law recognizes the full legal capacity of indigenous communities to acquire rights and contract obligations. In addition, it recognizes the reserves for the indigenous communities established by executive decrees.[43]

In addition to collective ownership, the legal framework guarantees the private ownership of the members of the indigenous groups within their collective territories. The Land and Colonization Law provides for the delivery of parcels to indigenous families on a free and proprietary basis, in order to meet their needs.[44] The National Commission on Indigenous Affairs (CONAI) is responsible for ensuring respect for the rights of indigenous minorities, stimulating State action in order to guarantee the Indigenous individual and collective ownership of their land.[45]

As a signatory to all the main international conventions on Indigenous peoples including the ILO, and the UN Declaration on Indigenous Peoples Rights, Costa Rica has legislation in place that generally recognizes their rights, and since then has made increasing efforts to ensure them. The country is committed to delivering FPIC, demonstrated by the regulation of the general mechanism for indigenous peoples consultation (Executive decree 40932 MP-MJP April 2018) regulates the obligation to consult Indigenous peoples in a free, prior, and informed manner, through adequate procedures and representative institutions.

Since 1997, the above-mentioned Indigenous Territories have voluntarily participated in the PES program receiving sources of income for their local economy both for the development of communal and individual activities. To date, 284 contracts have been established between FONAFIFO and Indigenous peoples under the different PES modalities; 162,111 Ha under forest Protection, 190 ha under reforestation, 3,986.4 ha under natural regeneration and 1,668,780 trees under the Agroforestry systems modality, representing an investment for the period 1997-2019 of approximately $ 59.06 million USD[46].

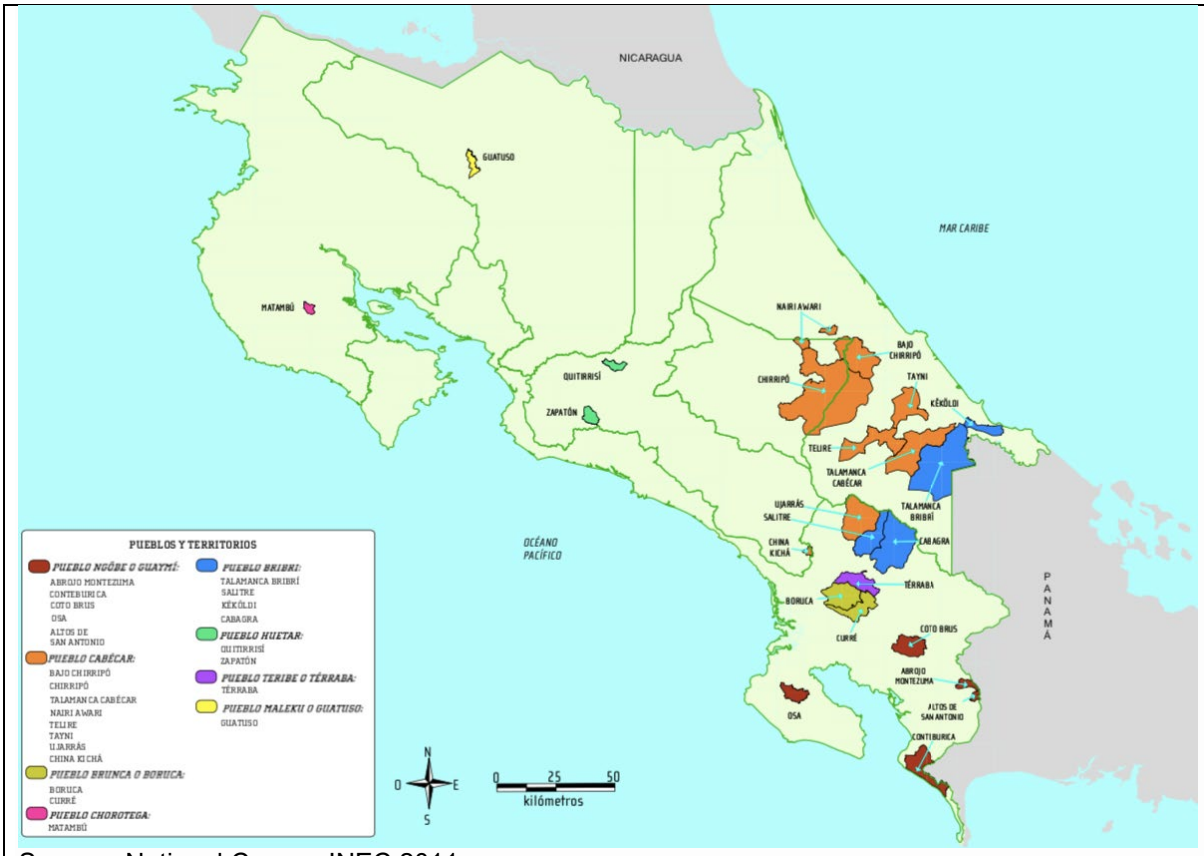
Figure 5 **Map of Indigenous Territories of Costa Rica**

[43] Ley indígena Artículo 2º y Artículo 1º Se declaran reservas indígenas las s números 5904-G del 10 de abril de 1976, 6036-G del 12 de junio de 1976, 6037-G del 15 de junio de 1976, 7267-G y 7268- G del 20 de agosto de 1977, así como la Reserva Indígena Guaymí de Burica (Guaymí). Los límites fijados a las reservas, en los citados decretos, no podrán ser variados disminuyendo la cabida de aquéllas, sino mediante ley expresa y

[44] La Ley de Tierras y Colonización (ITCO INDER) Artículo 76.-A título gratuito y en propiedad, se entregarán a las familias indígenas parcelas que el Instituto señale como mínimo indispensable para satisfacer las necesidades de las mismas, y explotables por ese grupo, sin necesidad de trabajadores asalariados.

[45] Ley 5251 1973 Creación de Comisión Nacional de Asuntos Indígenas (CONAI) Artículo 4.

[46] According to FONAFIFO's Archive PES payments were granted in Colones and some years in USD. To give a total approximate amount of total investment data was normalized to USD using an annual average exchange rates



Source : National Census INEC 2011

In most cases these contracts have been established with the support of the ADI, that serve as aggregating entities for several indigenous territories in each region facilitating communication and coordination process with indigenous communities at the local level. These associations serve amongst other roles, as a bridge between FONAFIFO and IPs representatives to reach PES Agreements. PES is one of the main sources of income that indigenous territories have to promote actions for the benefit of their inhabitants.

The process for Indigenous peoples to apply for the PES program is very similar to that of other forest owners (see description of activity 2.1). However, to ensure that participation is inclusive and respect indigenous people's worldviews, FONAFIFO in a process of joint learning with indigenous peoples, has established the following special provisions through executive decree Nº 39871-MINAE:

a. In case the Indigenous Reserve does not have the corresponding cadaster map, the project can be processed using existing baseline information; FONAFIFO will use the original map of the reserve's constitution as detailed in the decree that establishes the reserve.
b. PES contracts subscribed by the ADI will not be annotated in the National Registry of Property.
c. The request to enter the PES Program will include a certified copy of the meeting minutes of the general associates' assembly that authorizes the PES project's development. The Minutes must include the list of participants and a report from the treasury approved by the assembly that reflects how proceeds from the PES Project will be used by the ADI.
d. In PES contracts, in up to 2% of the project's area, traditional and subsistence agriculture activities are allowed, supervised by FONAFIFO's Personnel. The contract will establish specific conditions required to meet this provision.
e. Without exception, in all cases, the documents and requirements to apply the PES Program must be subscribed and signed by the President of the ADI of the Indigenous reserve. All contracts subscribed with these associations will establish obligations that allow the dissemination of all information on the financial management of the PES proceeds to all members of the association.
f. The Indigenous Development Associations may present PES Projects with up to 1000 hectares for the Forest Protection and/or Regeneration Modalities and of up to 350,000 trees in agroforestry systems per year. In reforestation projects a maximum of 300 hectares per year are allowed.

It is important to highlight that the area to be submitted each year is significantly larger than for all other applicants. Initially the ADIs were allowed to submit a maximum of 300 hectares of forest per year in the forest protection

modality; then, in subsequent years, this limit was increased to 600 hectares. Currently, contracts of 1000 hectares are allowed. Regulatory adjustments have also been made to promote the broadest participation in the benefits of the Program including provisions that allow 2% of the area in the project to be used for subsistence agriculture. Currently, 17 of the 24 indigenous territories with an area of 73,031 hectares[47] participate in the PES program with natural protection and regeneration contracts.

Activity 2.3. Forest fire prevention

Forest fires in Central America are a threat to forest loss, and one of the main drivers of deforestation in the Region. In Costa Rica forest fires mainly cause forest degradation, as they consume all the understory vegetation leaving the main trees.

SINAC is responsible for managing the response to forest fires,and leads National Commission on Forest Fires (CONIFOR acronym in Spanish). Forest Fire prevention measures as established in the National Strategy for Integrated forest Fire Management 2012-2021. Despite the Fire Management Plan, some Costa Rican communities rely on volunteer firefighters, such as *Bomberos de Nosara*, as a first line of defense against wildfires.

According to the National Strategy for integrated forest fire management 2012-2021, 99% of forest fires in CR are caused by human activities (voluntary or involuntary), evidencing social inequality, and access to land (where people voluntarily generate fires in PAs to accelerate land use change and then be able to use those transformed areas mainly for subsistence agriculture), the latter also evidences lack of culture around fire management and/or prevention measures regarding its use.

This activity has been prioritized as part of this proposal as the existing forest fire prevention program has demonstrated its effectiveness to both prevent and control forest fires. Enhancing the geographical coverage of fires prevention measures will reduce forest degradation in Costa Rica.

To achieve the appropriate level of coordination within the national, regional and local actors, the country has set up an organizational structure to address the problem of forest fires, allowing the simultaneous integration of different actors while ensuring the overall leadership of the Costa Rican State in the development of actions related to fire management.

Costa Rica started working on fire management in 1997, through an official country guideline called the National Fire Management Strategy, that defines the planning, monitoring and evaluation of the various activities that are carried out at national level in this matter. The strategy's main objective is to minimize the impact of fire by strengthening a national operational structure that facilitates and manages the execution of the National Fire Management Plan, in order to contribute to the conservation of the country's biological diversity.

The national structure for fire management, as established by the national strategy and which are fundamental parts in the operational development of the actions, in such a way that it allows coordination with both regional inter-institutional commissions and local emergency committees

- The National Commission on Forest Fires (CONIFOR), is responsible for the formulation, management, support, evaluation and monitoring of inter-institutional actions related to Fire Management in the country

- The Brigades against Forest Fires are made up of forest firefighters, which will be made up of public institution officials, private companies, non-governmental organizations or voluntary people belonging to communities, and who have been trained and trained for this purpose.

Through this activity the forest fire prevention program will be strengthened by implementing capacity building activities such as training for the 7 brigades hired for forest fires (BRIF) and 600 firefighters (men and women), software, hardware and other equipment for monitoring of forest fires; equipment, materials and fuel for maintenance of 1368 Km of fire breaks, repairing roads, dredging; attending an average of 125 fire events inside protected areas, communications, implementation of an early detection system for forest fires and design and implementation of an annual communication campaign.

Project Management (See section G for details)

[47] Cumulative value of areas that are currently under active PES contracts during the years 2013-2019

C.2.2. Expected outputs and outcomes:

Please provide the following information:

Table 15: *Outputs of the GCF RBP project*

Component(s)	Outputs	Outcomes
Implementation of the National REDD-plus Strategy of Costa Rica	**Output 1 Enabling conditions are in place for effective REDD+ implementation** - Activity 1.1 Securing implementation of REDD+ safeguards provisions - Activity 1.2. Monitoring and reporting of REDD+ implementation **Output 2 – Payment for Environmental Services (PES) and Fighting forest fires** - Activity 2.1. Expanding and improving the Payment for Environmental Services Program. - Activity 2.2. Expanding and improving special Conservation PES in Indigenous territories - Activity 2.3. Forest fire prevention	M9.0 Improved management of land and forest 9.1 Hectares of land or forests under improved and effective management that contributes to CO2 emission reductions

C.2.3. Timeframe of implementation (for monitoring and reporting purposes):

Please provide the following information:

Table 16: *Timeframe of implementation by output*

Outputs	Expected year to be achieved
Output 1. Enabling conditions are in place for effective REDD+ implementation	*Year 5*
Output 2. Payment for Environmental Services (PES) and fighting forest fires	*Year 5*

If needed, provide any additional comments/explanations:
These activities will be implemented over a 5-year period. Most of the budget is under Output 2. FONAFIFO is an impact-oriented responsible party with the capacity to execute the output 2 funds within five years. In 2019 FONAFIFO managed an annual budget of 27,545,937colones (equivalent USD $36.270.728,86). Most of these resources (over 80%) are assigned to impact programs such as PES and credit financing. In addition, in the past FONAFIFO has handled 62 million dollars in loans from the World Bank without any significant execution delays (World Bank Flagship Projects Ecomercados 1 and 2).

C.2.4. Budget estimate (for monitoring and reporting purposes):

Following the procedures of the Terms of Reference for the REDD+ pilot programme for Results-Based payments, the iTAP recommended that the Board consider the following:

(a) Total score **36/48**
(b) GCF volume of ERs: **10,559,833 tCO_2 eq**[48]**;** and
(c) Additional 2.5 per cent for use of proceeds and non-carbon elements
(d) Proposed REDD-plus results-based payments (USD 5/tCO_2eq): **USD 54,119,143**

Based on this, the budget for the proposal was finalized as described below.

[48] This is equivalent to 14,079,777 t CO2e X (36/48)

Table 17. *Budget by output*

Output	Indicative cost (USD)	GCF proceeds	Co-financing (if any)*	
		Amount	Amount	Source
Output 1. Enabling conditions are in place for REDD+ implementation	3,372,406	3,372,406	0	0
Output 2. Payment for Environmental Services (PES) and Fighting forest fires	48,707,229**	48,707,229**	0	0
Project Management	2,039,508	2,039,508	0	0
Total cost and currency (USD)	54,119,143	54,119,143	0	0

* The implementation of the National REDD+ Strategy is being supported by domestic and international sources of finance. These are not however new and additional resources specifically linked to this funding proposal. Indeed, these resources have already been committed.
**The project budget includes UNDP Direct Project Costs for USD 1,016,160 to cover technical assistance costs.

As per the Terms of reference for the pilot programme for REDD-plus results-based payments (section 4.5), the GCF will transfer funds through the accredited entity to the recipient defined in the funding proposal in a single disbursement after approval by the Board. The interest income from the proceeds will be reinvested in the activities of Outputs 1,2 and 3.

Table 18 below present the budget at the activity level.

Table 18*. Budget at the Activity Level*

GCF Output		GCF Activities	GCF amount (USD)
O1: Enabling conditions are in place for REDD+ implementation	*1.1*	*Securing implementation of REDD+ safeguards provisions*	1,686,202
	1.2	*Monitoring and reporting of REDD+ implementation*	1,686,204
	Total Output 1		***3,372,406***
O2: Payment for Environmental Services (PES) and Fighting forest fires	*2.1*	*Improving and expanding the Payment for Environmental Services Program*	32,487,722
	2.2	*Expanding and Improving the Special Payment for Environmental Services in Indigenous territories*	8,109,753
	2.3	*Forest fire prevention*	8,109,754
	Total Output 2		***48,707,229***
Project Management	*Project management*		*2,039,508*
	Total PMC		***2,039,508***
Total project budget			***54,119,143***

C.2.5. Implementation arrangements:

List and describe the institutions involved in the activities that will be funded with proceeds from this pilot programme, and explain their anticipated roles and interactions with one another, including the flow of funds.

The project will be implemented under UNDP's **Direct Implementation Modality (DIM)**. UNDP will be the Executing Entity/ Implementing Partner. The Implementing Partner is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project outcomes, and for the effective use of the project resources.

As Executing Entity, UNDP offices will carry out operational and administrative support activities which include the provision of the following services:

- Payments, disbursements and other financial transactions.
- Recruitment of staff, project personnel, and consultants.
- Procurement of services and equipment, including disposal.
- Organization of training activities, conferences, and workshops, including fellowships.
- Travel authorization, visa requests, ticketing, and travel arrangements.
- Shipment, custom clearance, vehicle registration, and accreditation, among others.

In addition to the provision of the above services, UNDP will be responsible for establishing a Project Management Unit which will execute the project and coordinate the management, reporting, and promote inter-institutional linkages of this project with other initiatives, disseminating its results. Inputs related to Project Execution have been costed and budgeted in the Project Management Costs.

Three levels of management will be set for the implementation of the project:

- **Decision making,** which includes a) Project Board in charge of strategic decision making; b) Monitoring and Quality Assurance Unit of UNDP that will supervise the activities in its role as Accredited Entity to the Fund. In line with UNDP Internal Control Framework (ICF) there will be a clear division between UNDP´s oversight function as GCF AE and its role in supporting implementation; and, c) National Project Director that will ensure coherence of the interventions, the achievement of expected results, the management of risks, and the progress of the planning and procurement processes.
- **Technical committee**, providing technical support to the Project Board, Management Committee, and the Project Management Unit to facilitate informed decision making, as well as help coordinate with external initiatives.
- **Project Management and Implementation,** which includes the Project Management Unit (PMU), the Project Manager, the Support Unit for administrative and financial issues and technical team.

The project organization structure is as follows:

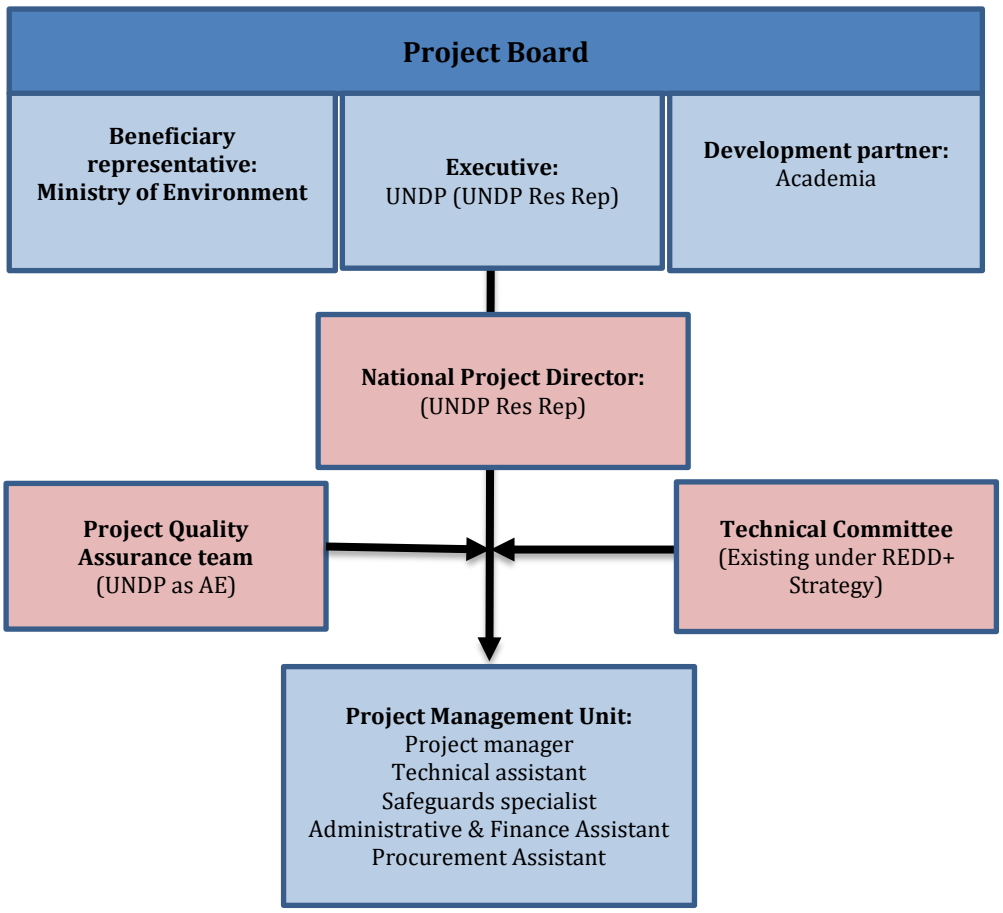


Figure 6: Project organization structure

Project Board (PB):

The Project Board (PB) is responsible for management decisions when guidance is required by the Project Manager, including recommendations for approval of project plans and revisions, and addressing any project level grievances. Project Board decisions should be made, by consensus, in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

In case consensus cannot be reached within the Board, the UNDP Resident Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

Specific responsibilities of the Project Board include:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager and/or the management committee;
- Provide guidance on new project risks, and agree on possible countermeasures and management actions to address specific risks;
- Agree on project manager's tolerances as required, within the parameters set by UNDP-NCE, and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded.
- Advise on major and minor amendments to the project within the parameters set by UNDP-NCE in lines with the GCF policy on restructuring and cancellation;
- Ensure coordination between various donor and government-funded projects and programmes;
- Ensure coordination with various government agencies and their participation in project activities;
- Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the annual project implementation report, including the quality assessment rating report; make recommendations for the workplan;

- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project;
- Review combined delivery reports prior to certification by the implementing partner;
- Provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Address project-level grievances;
- Approve the project Inception, and the funded activity completion report;
- Review the final project report package during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

The PB will be composed of UNDP, the Ministry of Environment and Energy (MINAE) and the representative from Academia nominated by the REDD+ Steering committee.

As Implementing Partner, UNDP will represent the project ownership, chairing the PB and organizing its meetings at least twice a year or upon request of either of the Parties. UNDPs Resident Representative will act as **National Project Director (NPD)** responsible at the highest level for providing guidance on the management and technical feasibility of the project and ensuring its implementation leads to the achievement of project's results. The Project Board's role in project management will be complemented by inputs and recommendations from the Technical Committee (see below). In addition, the PB will approve the appointment and responsibilities of a Project Manager who will be responsible for the daily project execution.

The **composition of the Project Board** must include the following roles:

1) Executive: The Executive is an individual who represents ownership of the project and who will chair the Project Board. It will be the **Resident Representative of UNDP**. The Executive is ultimately responsible for the project, supported by the Beneficiary representative and Development partner. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The executive has to ensure that the project gives value for money, ensuring cost-conscious approach to the project, balancing the demands of beneficiary and suppler.
Specific Responsibilities of the Executive as part of the above responsibilities for the Project Board include:

- Ensure that there is a coherent project organization, structure, and logical set of plans;
- Set tolerances in the AWP and other plans as required for the Project Manager;
- Monitor and control the progress of the project at a strategic level;
- Ensure that risks are being tracked and mitigated as effectively as possible;
- Brief relevant stakeholders about project progress;
- Organize and chair Project Board meetings.

2) Beneficiary representative: The Beneficiary representative's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. **The Beneficiary representative will be the Ministry of Environment and Energy**. The Beneficiary representative is responsible for validating the needs and for monitoring that the solution will meet those needs within the constraints of the project. The Beneficiary representative monitors progress against targets and quality criteria.

Specific responsibilities of the beneficiary representative as part of the above responsibilities for the Project Board include:

- Prioritize and contribute beneficiaries' opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Specification of the Beneficiary's needs is accurate, complete and unambiguous;
- Implementation of activities at all stages is monitored to ensure that they will meet the beneficiary's needs and are progressing towards that target;
- Impact of potential changes is evaluated from the beneficiary point of view;
- Risks to the beneficiaries are frequently monitored.

3) Development partner: The Development partner is an individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Development partner's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Development partner role must have the authority to commit or acquire supplier resources required. If necessary, more than one person may be required for this role. **The Development partner is a representative from Academia (Nominated by REDD+ Steering committee).**

Specific responsibilities for the Development partner as part of the above responsibilities for the Project Board include:

- Make sure that progress towards the outputs remains consistent from the supplier perspective;
- Promote and maintain focus on the expected project output(s) from the point of view of supplier management;
- Ensure that the supplier resources required for the project are made available;
- Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts.

The PB will be established upon project inception and the responsibilities assigned above may be supplemented as deemed appropriate in the final governance structure. In its first meeting the Project Board will prepare and adopt detailed terms of reference for its functioning.

Project Assurance

UNDP provides a three-tier oversight and quality assurance role involving UNDP staff in Country Offices and at regional and headquarters levels. The quality assurance role supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance must be independent of the Project Management function; the Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. The project assurance role is covered by the accredited entity fee provided by the GCF. As an Accredited Entity to the GCF, UNDP is required to deliver GCF-specific oversight and quality assurance services including: (i) Day-to-day oversight supervision, (ii) Oversight of project completion, (iii) Oversight of project reporting.

National Project Director (NPD):

The UNDP Resident Representative will act as National Project Director (NPD) and will be responsible at the highest level for providing guidance on the management and technical feasibility of the project and ensuring its implementation leads to the achievement of project's results. The NPD will be responsible for orienting and advising the Project Manager on Government policy and priorities. The NPD will be supported by the Technical Committees and, will review coherence of the intervention, including results, risks, planning and procurement processes. The NPD will sign and approve procurement of services and goods corresponding to the project and will delegate to the Project Manager the approval and signature of procurement and hiring requests and payments. The Combined Delivery Report (CDR) will be approved on a quarterly basis and signed by the NPD.

Technical Committee:

The Technical Committee already established for the National REDD+ Strategy, will be expanded to serve as technical committee of the project consisting of high-level technical representatives from the following institutions: i) The National Fund to Finance Forestry (FONAFIFO); ii) the National Meteorological Institute; iii) the National Center for Environmental Information (CENIGA) and iv) The National System of Conservation Areas (SINAC). This committee will be expanded to include the Climate Change Directorate (*Dirección de Cambio Climático* DCC in Spanish), to ensure coordination with the broader climate change related processes.

Meetings will be arranged when there is a need of technical inputs and coordination with the project´s components and other initiatives related to REDD+ or other thematic areas relevant to this project. The aim is to provide technical support to the Project Board, Project National Director, Project Technical Experts and Project Manager for decision making. Technical experts and other stakeholders such as CSOs, academia, indigenous, local community and women groups, private sector and other partners will be invited to participate in an ad-hoc manner. Furthermore, key partners supporting projects and initiatives related to the national and subnational REDD+ processes, as well as those supporting the National REDD+ Strategy, will be invited to participate, to ensure adequate coordination as well as knowledge exchange on challenges and best practices.

The Project Management Unit (PMU)

The Project Management Unit (PMU), under supervision of UNDP, will run the project on a day-to-day basis within the constraints laid down by the Project Board. The PMU will be coordinated by a Project Manager.

The **Project Manager** function will end once the project is operationally closed, which is decided by the Project Board, and all commitment have been fulfilled, such as completion and submission of the final report and project closure process and any other documentation required by the GCF and UNDP.

The Project Manager is responsible for day-to-day management and decision-making for the project within the Annual Work Plan approved by the Project Board and reviewed by UNDP. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. The annual work plan is prepared by the Project Manager and reviewed and approved by Project Board. However, the UNDP-Global Environmental Finance Unit, as part of its quality assurance role, provides the final approval. The Project Manager is also responsible for managing and monitoring the project risks initially identified, and for submitting new risks to the Project Board for consideration and decision on possible actions if required, and for updating the status of these risks by maintaining the project risks log according to the DIM Guidelines.

The Assistants in the fields of administration, finance, logistics and procurement will report to the Project Manager and provide support in management and administration of the project, as well as provide logistical support to technical components of the project and its team.

The PMU will also count with **Project Technical Experts** for specific project components who will support the Project Manager with the implementation of the project, providing technical expertise, reviewing and preparing TORs, and reviewing the outputs of consultants and other sub-contractors. The Project Technical Experts will:

- Ensure the logistical, administrative and financial effectiveness of the project in each technical area.
- Prepare project reports, work plans, budgets and related documentation;
- Prepare drafts of TORs, technical specifications and other documents;
- Participate in the selection of consultants and suppliers and their supervision;
- Oversee the implementation of project activities in a timely and efficient manner;
- Provide substantive guidelines to organize seminars, workshops and field trips linked to project activities.
- Follow-up agreements under his/her responsibility.

The Project Technical Experts will produce in a timely fashion inputs for annual work plans and budgets of their components, to be consolidated by the Project Manager and then presented for approval by the Project Board, and annual progress reports for submission to the Board. The reports will provide details about the progress made, any shortcomings and the necessary adjustments made to achieve project outcomes.

The PMU is designed to support Outputs 1 and 3, which use a conventional upfront financing modality (i.e. cash advances). As Output 2 will use the performance-based payments modality, whereby (i) the government pre-finances and implements activities using its own staff and processes, while (ii) UNDP as AE will transfer funds annually based on actual results reported and verified by an Independent Assessor (including safeguards), the design of the PMU does not need to take Output 2 activities into account.

Upon request by MINAE, UNDP will provide technical backstopping during the implementation of the project. The costs corresponding to this technical support towards project execution will be recovered following UNDP's policy.

Responsible Parties

For an entity to be engaged as a responsible party, a capacity assessment must be performed. Parties concerned with project formulation and design must review needed capacities. They first determine which tasks apply to the project. For each applicable task, the parties define any additional measures to ensure that tasks can be performed. The measures must be documented for follow-up action. This may be done, for example, through an action plan, an annex to the project document or through minutes of a design meeting or workshop. Additionally, UNDP assures that its partners are screened against UN Sanctions and Eligibility through a UN Security Council online system that contains a wide data base of possible violators. In addition, UNDP has access to the United Nations Global Marketplace in order to verify if any supplier has been involved in terrorism and corruption. Moreover, UNDP has a policy on Due Diligence and Partnerships with Private Sectors in which a Risk Assessment Tool is applied before any agreement is made. This tool includes the following exclusionary criteria:

- Controversial weapons or their components;
- Armaments and/or weapons or their components, including military supplies;
- Replica weapons;
- Tobacco or tobacco products;
- Violations of UN sanctions, UN ineligibility lists or UNDP vendor sanctions list;
- Pornography;
- Substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES;

- Gambling (excluding lotteries with charitable objectives);
- Violation of human rights or complicity in human rights violations;
- Forced or compulsory labor;
- Child labor.

Finally, responsible parties are assessed under a micro-assessment under the Harmonized Approach to Cash Transfers (HACT) framework and following UNDP HACT policies, to determine the level or risk and capacities to manage the funds of the project.

The responsible party for this project is **the Trust Fund of the National Fund to Finance Forestry (FONAFIFO).**

National leadership

The PMU will closely collaborate and coordinate with the Ministry of Environment and Energy and FONAFIFO in line with the implementation of overall national REDD+ process.

Property of Equipment and Goods:
Goods and equipment purchased as part of this project will initially belong to the UNDP Country Office. During the implementation phase, transfer to national beneficiaries will be undertaken in accordance with UNDP procedures and policies, subject to prior agreement with the Ministry of Environment and Energy. The goods and equipment will be transferred with a *delivery-reception minute*.

Audit:
Financial reporting and auditing standards for the programme will follow international financial reporting and auditing standards. According to UNDP's general corporate audit regulations, internal and external audits will be carried out and these costs will be covered by the project. The audit will be performed in accordance to UNDP Financial Rules and Regulations and applicable audit policies on to Direct Implementation Modalities on UNDP and GCF projects. The audit will be conducted by a specialized and certified audit firm. UNDP will be responsible for making audit arrangements for the project in communication with the Ministry of Environment and Energy. UNDP and the Ministry of Environment and Energy will provide audit management responses and the Project Manager and project support team will address audit recommendations, as applicable.

Learning and knowledge-sharing:
Results from the project will be disseminated within and beyond the project intervention zone through existing information-sharing networks and forums. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze and share lessons learned that might be beneficial in the design and implementation of similar future projects. There will also be a two-way flow of information between this project and other projects/programmes of a similar focus.

Communications and Visibility Requirements:
The project will comply with UNDP's, the Ministry of Environment and Energy and GCF Branding Guidelines. Amongst other requirements, these guidelines describe when and how the UNDP and the logos of donors to UNDP projects are used. In order to accord proper acknowledgement to the GCF for providing funding, a GCF logo will appear on all relevant project publications, including, among others, project hardware and equipment purchased with GCF funds. Any citation on publications stemming from the project will also accord proper acknowledgment to the GCF.

Financing modalities
Outputs 1 (enabling conditions) and project management will use a conventional Direct Implementation Modality (DIM), ensuring timely implementation of the activities for Costa Rica to enhance its overall architecture and capacity for overall REDD+ implementation, as well as to ensure high quality project management and implementation for the project.

For Output 2 (Payment for Environmental Services and Forest Fire Management), the Government of Costa Rica and UNDP opted for the use of UNDP's "Performance-Based Payments" (PBP) financing modality.

The choice of this PBP modality was decided based on the following objectives:

- **Ensure country leadership** by providing more flexibility to the Government of Costa Rica in the way it provides the desired results;

- **Ensure cost-efficiency** by making optimal use of existing government structures, avoiding or keeping the duplications of structures and functions to the minimum, while ensuring that UNDP can fulfill its role of Accredited Entity adequately, in line with GCF and UNDP standards (incl. safeguards and gender);
- **Enable faster disbursements** from UNDP to Costa Rica than a conventional upfront payment modality would allow, depending on the government's capacity to provide the agreed results, verified through an Independent Assessor, without compromising the quality of implementation (incl. safeguards) and the intended use of proceeds.

"**Performance-based payments (PBPs)** are "*a type of agreement between UNDP and a Responsible Party to provide funding upon the verified achievement of an agreed measurable development result. No advances are provided, rather payments are made only upon the verified achievement of agreed results. This approach gives greater incentive to responsible parties to achieve results*" (UNDP Programme and Operations Policies and Procedures – POPP, see Figure 7).

In this modality, as payments are made only on delivery of verified results, "*the Responsible Party is fully responsible for the achievement of the result(s), and free to use its own approaches, methods, capacities and resources within the parameters stipulated in the project document and performance-based payment agreement. Upon achievement of the result(s), the development partner submits substantive and other reporting required in the agreement to trigger payments".* (UNDP POPP).

The UNDP Policy on the PBP modality is publicly available in full in UNDP's POPP[49].

The overall process and requirements for this PBP modality are as follow:

1. Government & UNDP agree on the performance criteria and indicators, targets and price(s) per unit of result;
2. Government & UNDP agree on an independent assessor, who reviews elements from step 1 and defines a validation methodology;
3. A project appraisal committee or project board reviews and approves elements defined in step 1 & 2;
4. A Project document is signed, as well as the Performance-based payment Agreement;
5. Disbursements are made from UNDP to – in this case – the implementing partner, based on the achievement of one or more outcomes verified by the independent assessor (including safeguards).

Figure 7. UNDP's traditional and PBP implementation modalities

[49] https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PPM_Design_Performance-Based%20Payments.docx&action=default

In the specific context of this project, the pre-agreed measurable results expected to be achieved are an expansion of the area of private forest lands under effective conservation through activity 2.1., an expansion of the area of forest lands in indigenous territories under effective conservation through activity 2.2. and the effective implementation of measures to reduce the incidence and severity of forest fires through activity 2.3. (see C.2.1 for more details). The payments will be made based on the independently verified achievement of payment linked indicator(s) associated with each activity's pre-agreed measurable results under output 2 (e.g. $/hectares under effective conservation). The amount of payments will depend on the amount of unit of result achieved. The exact amount to be paid by unit of result will be determined when developing the performance-based payment agreement based on a detailed analysis of administrative costs and transaction costs which is dependent on the exact verification methodology to be agreed with the independent assessor.

C.2.6. Non-carbon benefits:

Provide information on the non-carbon benefits associated with the implementation of REDD+ activities, explaining their nature, scale and importance for the long-term sustainability of REDD-plus activities and providing evidence to this regard.

Non-carbon benefits have been discussed with all stakeholders involved in the REDD+ process since its beginning in Costa Rica. Indeed, in the context of the FCPF, a first SESA workshop discussed the issue on May 2011. These non-carbon benefits have been identified based on the different strategic options identified for the FCPF Readiness Preparation Proposal (R-PP).

Given that the GCF RBP project is focused on increasing the number of beneficiaries and offered increased opportunities for indigenous peoples to participate in PES as well as strengthening other existing public policies that have proven to be successful in the last 20 years of implementation of the Forestry Law, the primary co-benefits of the GCF RBP project are clearly defined by the current legal framework in Costa Rica and they correspond to the explicit public goods sought through the prevention of fire in the Protected Wildlife Areas System and through the Payment for Environmental Services program. The environmental services recognized by the Forestry Law, are:

1. GHG mitigation and carbon storage (carbon-benefit)
2. Soil erosion control (non-carbon benefit)
3. Water protection (non-carbon benefit)
4. Biodiversity conservation (non-carbon benefit)
5. Landscape beauty (non-carbon benefit)

A recent academic study[50] spatially quantified three environmental services recognised by Costa Rica's PES programme: carbon storage, soil erosion control and habitat suitability for biodiversity as a cultural environmental service. The study used the machine learning algorithm random forest to model carbon storage, the Revised Universal Soil Loss Equation (RUSLE) to model soil erosion control and Maxent to model habitat suitability. The additional effect of the PES programme on carbon storage was examined using linear regression. Forested land was found to store 235.3 Mt of carbon, control for 148 Mt yr−1 of soil erosion and contain 762,891 ha of suitable habitat for three iconic but threatened species. PES areas enrolled in the programme in both 2011 and 2013 were found to store an additional 9 tonC ha−1 on average.

Additionally, the social and environmental benefits derived from implementing the Payment for Environmental Services program in indigenous lands and for local communities are also important. One of the best recognized co-benefits is related to the organizational capacity and improved participation due to the implementation of the programs and public policies. For instance, the Payment for Environmental Services program serves for forest organizations to actively participate in public policy. Additionally, they promote productive activities in the timber value chain, such as forest nurseries and the genetic improvement of species for reforestation or induced regeneration, both with commercial and native species. In many cases, these programs are linked to communal programs on environmental education and cantonal tree planting projects along roads in country.

In the case of PES investments in indigenous territories, due to the communal nature of land tenure, the social and economic impact of non-carbon benefits is easily identifiable, since organized communities collectively decide on the use of the resources received and, in many cases, they are invested in education, health, infrastructure improvements such as roads and bridges, etc. It is not the same case with private owners, who individually decide the use of the payments received.

[50] Havinga, I. et al (2020) Spatial quantification to examine the effectiveness of payments for ecosystem services: A case study of Costa Rica's Pago de Servicios Ambientales. *Ecological Indicators* Volume 108.

The evidence on the impact of the PSA Program on the poor to date has been mixed. Several studies (Ortiz et al., 2003; Miranda et al., 2003; Zbinden and Lee, 2005) have found that the bulk of program benefits tend to go to larger and relatively better-off farmers. Conversely, Muñoz (2004) finds that the PSA Program plays an important role in the livelihood of poor land holders in the Osa Peninsula. In recent years, FONAFIFO has sought to maximize their poverty impact by adding particularly disadvantaged districts to the priority areas for the PSA Program. The proposed project focus on the participation of indigenous peoples in the program seeks to increase its impact on poverty alleviation.

Regarding gender inclusiveness as a non-carbon benefit, please refer to the gender action plan summarized in section E3 for more information.

D. Investment Framework

Describe in this section how the proposed REDD-plus results-based programme aligns with each of the criteria of the Investment Framework for the activities that lead to the achieved results for the full period over which the results being submitted in this proposal were achieved.

D.1. Impact potential

Describe the potential of the programme to contribute to the achievement of the Fund's objectives and results areas.

Identification of policies and measures to curb the drivers of deforestation and forest degradation

All the policies and measures of the National REDD-plus Strategy have been identified through studies and consultations during the readiness phase for their potential to address the drivers of deforestation and forest degradation as well as the barriers to forests carbon stock enhancement, conservation and sustainable forest management.

Deforestation and reforestation were assessed for 1987-2013 at the national and sub-national scale. This assessment was based on the land use maps used for the construction of the reference level (**Section 8**). At the ***national*** level, the patterns of gross deforestation and gross reforestation were analyzed. Deforestation reflects current conditions and decision-making by land-owners, while reforestation results from longer-term land use planning considerations.

At the ***regional*** level, zones of homogeneous deforestation processes were identified. The zones share distinctive land-cover trajectories. The regional analysis was based on *cantons*. For clustering cantons in zones, the first stage was to conduct a *Two-Step Cluster* analysis according to 3 indicators: the intensity of deforestation during 2001-2011, the cantonal deforestation trend in 1987-2001 and 2001-2011, and the final land use (i.e. 2013). In a second stage, the clusters were manually refined according to expert judgement. Local experts in five consultation workshops validated the results
.
Once the zones were finalized, national statistics on land use and agricultural productive systems were derived for them, based on the maps mentioned above. The statistics on population dynamics, employment and migration were also estimated for each zone based on agricultural censuses. In addition to deforestation and reforestation, emissions and removals in forests remaining forests from forest degradation and forest carbon stock enhancements were also included.

This analysis was the basis for the development of the National REDD+ Strategy which includes a series of policies and measures to address these drivers. A key measure which is supported by the current proposal is the is the expansion of the Program of PES. However it is important to note that this expansion takes place alongside many additional policies and measures to support forest governance and address deforestation and forest degradation drivers such as strengthening the current policy framework for reducing illegal logging and the risk and impact of forest fires, solving land-tenure conflicts and development of new financing options for areas under special land-tenure regimes.

Efficacy of the utilization of the proceeds of payments in consideration of drivers of deforestation

Analyses carried out during the readiness process point to the fact that the most important factors driving deforestation are related to the competitiveness of agricultural activities. These factors show that deforestation is mainly an economic phenomenon, in which the decision of changing the land use from forest to other uses is driven by a higher profitability than the one obtained by conserving forests (that includes values for ecotourism use, or for research, or expected future use options, personal values, etc). The PES programme act by increasing the value of standing forests which in turn increases the forest's relative profitability when compared to alternative land-uses thus altering the basic economic equation that determined land-use change decisions.

Furthermore, studies suggest that the PES has had an important indirect impact as it served as compensation for the prohibition of forested land uses change greatly increasing the political acceptability and reducing the enforcement cost of this command and control measure[51]. This is a critical contribution of the PES which is often overlooked.

Methodology to assess the impact potential in terms of CO2e

The UNFCCC Warsaw framework for REDD+ does not require, nor provide a methodology for, attribution of emission reductions to a specific measure or action or donor. Furthermore, attribution of reduced emissions from deforestation to a single policy or measure is flawed for multiple reasons. From a conceptual standpoint, there is not always a direct and linear relationship between a specific project component and emissions reductions. Rather, emission reductions result from a series of interrelationships of different enabling policies (e.g. inter-institutional coordination) and direct investments made in the field (e.g. subsidies to farmer). Furthermore, individual policies and measures can pose a risk of displacement. For example, even if scaled up, the PES programme, without enforcement of land use zoning across the landscape could simply displace emissions outside of the areas covered by the program cancelling off the mitigation effects. From a technical standpoint it is extremely challenging to estimate displacement of emissions as recognized by the FCPF methodological framework[52]. Furthermore, it is very challenging to achieve full consistency between GHG estimation approaches at national level versus project scale because sampling design and intensity usually differ at national versus project scale. For example, an emission factor based on national scale, may be applied at the local level but will not necessarily be representative at that scale given that the statistical design to gather that data was designed to ensure significance at the national scale.

Costa Rica deals with these conceptual and technical issues by implementing REDD-plus on a national scale. Having a national FREL and national forest monitoring systems allows to account for all possible displacements within the national territory and avoids consistency issues across scale by focusing on ensuring that REDD-plus results can be measured, reported and verified at the national scale in line with UNFCCC requirements outlined in the Warsaw Framework.

The National REDD+ Strategy is a multifaceted initiative to achieve results at the national scale. Costa Rica has and will continue to use many public and private international and domestic sources of financing to support its policies and measures. With multiple partners supporting multiple activities and due to the challenges mentioned above, it is not possible to directly attribute emission reductions to any single investment or to a specific actions/component. Rather, each funding source will have contributed alongside many others. The implementation this complete package of policies and measures has already led to emission reductions of 14,794,749 t CO2e over the period 2014-2015.

As per the UNFCCC Warsaw Framework for REDD+, the exact amount of emission reductions that Costa Rica will achieve by implementing its REDD+ Strategy at the national scale, during the lifetime of the GCF project (2021-2024), will be known once the third BURs with the REDD+ technical annex are submitted to the UNFCCC, in 2021 and 2023. These results will be compared with the FREL. This information will be published on the Lima REDD+ Information Hub on the REDD+ Web Platform, in accordance with UNFCCC decision 9/CP.19.

Fully acknowledging the above-mentionned limitations, we can nonetheless provide information drawn from the ample international scientific literature available on the impact of public policies of the Forestry Law which greatly facilitates this process. The policies supported by the GCF RBP project are those that have proven to be successful over the last 25 years of implementation.

Impact potential of PES

According to a recent academic study[53], PES areas enrolled in the programme were found to store an additional 9 tonC ha−1 on average when compared to areas outside the programme. It is also important to note that the

[51] Legrand T., Froger G., Le Coq J-F., (2010b) : « The efficiency of the Costarican Payment for Environmental Services Program under discussion », communication to the12th BIOECON conference "From the Wealth of Nations to the Wealth of Nature: Rethinking Economic Growth" in Venice

[52] The FCPF in its methodological framework states that "ER Programs should seek to minimize and mitigate displacement outside the Accounting Area to the extent possible via design of the ER Program. However, due **to accounting and attribution challenges and following UNFCCC guidance on REDD+,** potential Displacement should not have to be accounted for or deducted from the ERs credited to ER Programs".

[53] Havinga, I. et al (2020) Spatial quantification to examine the effectiveness of payments for ecosystem services: A case study of Costa Rica's Pago de Servicios Ambientales. *Ecological Indicators* Volume 108.

literature also suggests that areas which are committed long-term to the programme store a significantly larger amount of carbon as compared to unenrolled areas. Sierra and Russman (2006) found that agricultural land use declined the longer payments were in effect, disappearing almost entirely by the fifth year. In a review of several sub-national studies of the PES programme, Daniels et al. (2010) highlights this study among others as evidence for a long-term effect on forest expansion relative to a business-as-usual scenario. This highlights the importance of Costa Rica's long-term commitment to funding its national PES programme over the past 25 years.

Taking the above into consideration, it is estimated that supporting PES over 260,000 ha over will lead to emission reductions of 8,580,078 tCO2 when compared to a BAU scenarios where these lands would lose 9tC/ha or 33tCO2/ha on average.

Impact potential of preventing and fighting forest fires

Under current climate change scenarios, according to Costa Rica's GHG inventory, in 2015 over 10,400 ha of forests were affected by forest fires representing 3Gg of N2O & CH4 emissions and 2,857,165 ton of CO2, as well as the loss of over 1000 ha of secondary forests and forest plantations (CONIFOR).

Benefits derived from the implementation of the National Strategy for Integrated Fire Management 2012-2021 are harder to estimate due to the absence of a clear "without project" scenario. Nonetheless, the lower forest fire incidence in Costa Rica when compared to neighboring countries suggest that this policy is highly effective. Indeed, although El Niño's drought effect caused the largest number of forest fires in Costa Rica since 2000, rapid and efficient attention allowed that the impact be controlled. The figure 8 below taken from NASA's Fire Information for Resource Management System or FIRMS (which can be accessed here), shows Costa Rica's reduced fire incidence relative to other countries facing similar climatic conditions.

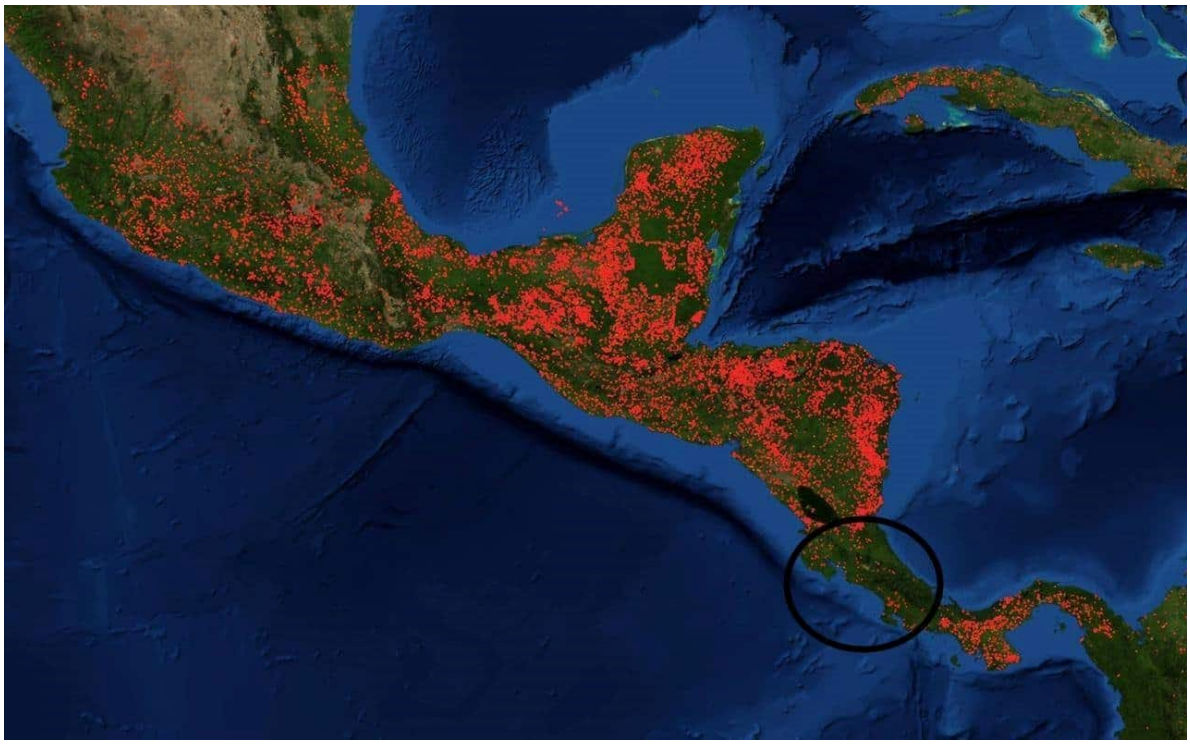


Figure 8. Costa Rica's reduced fire incidence relative to other countries facing similar climatic conditions

Expected beneficiaries

The proposal is expected to directly benefit over 1000 private landowners of which at least 200 women. Most importantly the project will strive to benefit several indigenous communities with a total population of 104,143 inhabitants, equivalent to 2.4% of the country's total population where 49.5% are women and 50.3% men.

Beyond the direct beneficiaries, the contribution that cash transfers such as the PES can make to the economic recovery following the COVID-19 pandemic is substantial and likely to indirectly impact the rural population of economically depressed zones of Costa Rica.

D.2. Paradigm shift potential

Describe the degree to which the REDD-plus activity catalysed impact beyond a one-off programme investment.

Supporting the achievement of one of the World's most ambitious NDC to the Paris Climate Agreement

The ultimate objective of Costa Rica's National REDD+ Strategy is to support the national objective of achieving Carbon Neutrality as set out in its voluntary pre-2020 commitments and its NDC[54].

The successful implementation of its National REDD+ Strategy and the early achievement of measurable and reportable results generated a paradigm shift by building confidence in UNFCCC processes by demonstrating the link between Costa Rica's completion of the requirements of the Warsaw Framework for REDD+ in terms of tCO_2eq can indeed be rewarded by international REDD-plus results-based payments which have long been awaited in the country.

At a country and territorial level, Costa Rica's early implementation of policies and measures to reduce deforestation has already and directly contributed to a paradigm shift of reducing deforestation. Further implementation of these successful policies will secure staying in the path towards Carbon Neutrality as set out in the NDC, while enhancing community and biodiversity co-benefits and contributing to a post-COVID19 green national recovery plan.

Potential for scaling up and replication, **knowledge and learning**

Costa Rica's progressive policies which led to the REDD+ results achieved in 2014 and 2015 and which will be further supported with the proceeds in this proposal are an example for the World.

The relevance and efficacy of the proposed use of proceeds in addressing the drivers of deforestation is explained in section D.1. Noteworthy here, is the fact that the PES makes a meaningful contribution to the continued implementation of a robust policy framework. Indeed, studies suggest that the PES has had an important indirect impact as it served as compensation for the prohibition of forested land uses change greatly increasing the political acceptability and reducing the enforcement cost of this command and control measure[55]. This is a critical contribution of the PES which is often overlooked, and which can serve as important lessons to other countries on the importance of jointly implementing carrots (PES) and sticks (command and control measures).

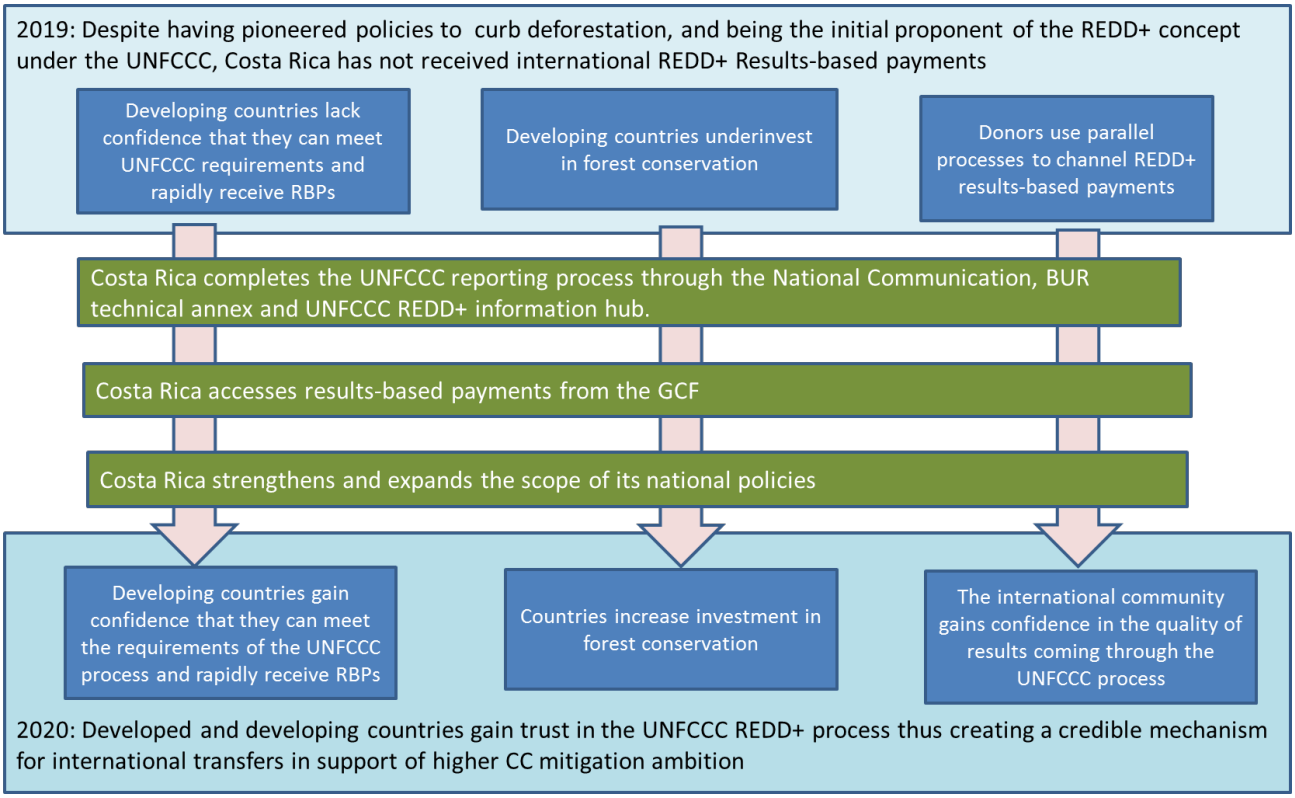
Costa Rica's innovative policies and measures could be replicated in many other countries currently engaged in REDD-plus around the world. However, developing country policy makers have yet to witness the operations of a credible international mechanism to provide REDD+ results-based payment for REDD+ to pioneering countries like Costa Rica. Indeed, to build confidence that UNFCCC REDD-plus results can make a significant contribution to climate mitigation efforts it is necessary for (1) developing countries to gain confidence that they can meet the requirements of the UNFCCC process in order to rapidly obtain and receive RBPs, and (2) for the international community to gain confidence in the quality of results coming through the UNFCCC process through REDD-plus implementation (including the Warsaw Framework for REDD-plus). Furthermore, Costa Rica will also set an example for other REDD+ countries by implementing a diversified strategy for capturing RBPs from market and non-market sources based on international partnerships in line with the San Jose principles. This will include engaging in leading emerging market mechanisms such as *The REDD+ Environmental Excellence Standard (TREES)* from the Architecture for REDD+ Transactions ("ART") initiative.

[54] Costa Rica's NDC as presented to the UNFCCC: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Costa%20Rica%20First/INDC%20Costa%20Rica%20Version%202%200%20final%20ENG.pdf

[55] Legrand T., Froger G., Le Coq J-F., (2010b) : « The efficiency of the Costarican Payment for Environmental Services Program under discussion », communication to the12th BIOECON conference "From the Wealth of Nations to the Wealth of Nature: Rethinking Economic Growth" in Venice

Costa Rica receives numerous international knowledge exchange visits from government officials seeking to better under the critical factors that led to Costa Rica's success in curbing deforestation[56]. These exchanges will continue over the project lifetime supported by a range of domestic and international resources outside the scope of the current proposal. The rational for engaging in courageous reforms and innovative policies such as PES will be significantly strengthened once Costa Rica receives result-based payment from the GCF.

Figure 9 Theory of Change



D.3. Sustainable development potential

Describe the wider benefits and priorities, including environmental, social and economic.

Direct beneficiaries and benefits of the project

The direct beneficiaries of the project are the Indigenous peoples, Private forest owners including individuals (emphasizing women owners and co-owners of the forests), Legal entities, Forest Owners Organizations, the National System of Conservation Areas (SINAC) and the fire brigades in charge of the implementation of the National Strategy for Integrated Fire Management 2012-2021, as well as more generally the Ministry of Environment and Energy in charge of managing environmental policy.

The project will generate two types of benefits: monetary and non-monetary. Monetary benefit consists of a direct cash transfer to a beneficiary while non-monetary benefits can be classified into i. Benefits linked to forest governance and ii. Environmental and social benefits.

Some of these types of benefits that Costa Rica expects to report in the ERP implementation period. Annex 3 lists the monetary and non-monetary benefits related to each of the measures of Costa Rica's Emission Reductions Program. The following table summarizes the monetary and non-monetary benefits by type of Program beneficiary.

Table 19. Monetary and Non-Monetary Benefits of the Project for the different beneficiaries

[56] For example see https://www.undp.org/content/undp/en/home/blog/2019/from-coast-to-coast--costa-rica-and-cote-d-ivoire-work-together-.html

Beneficiary	Project Activity	Monetary	Non monetary
Individuals	2.1	Conditional cash transfers under PES	Environmental and social benefits • Reduction of vulnerability to water stress and climate change. • Biodiversity Maintenance • Control of soil and water erosion.
Forest Owners Organizations	2.1	Conditional cash transfers under PES	
Private Reserves	2.1	Conditional cash transfers under PES	
Indigenous Territories	2.2	Conditional cash transfers under PES	Forest Governance benefits • Inclusion of indigenous territories in governmental programmes. • Official Recognition of IP concepts and world views related to forests in the design and implementation of a governmental programme • Involvement of indigenous peoples in the monitoring and evaluation of the national environmental policy Environmental and social benefits • Reduction of vulnerability to water stress and climate change. • Biodiversity Maintenance • Control of soil and water erosion.
MINAE	All activities	N/A	Forest Governance benefits • Increased access to international sources of REDD+ result-based payments (e.g. market sources) • Strengthened capacity to monitor forests contributing to better decision making • Strengthen capacity to implement environmental policy
SINAC Forest Brigades	2.3	N/A	Forest Governance benefits • Awareness-raising among the civil society on issues of forest fire prevention • Strengthening institutional capacities to fight forest fires • Reduction of vulnerability to water stress and climate change. • Biodiversity Maintenance • 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.

See section C.2.6 on non-carbon benefits for a description of the of the nature, scale and importance of the project's non-monetary benefits.

Indirect benefits and contribution to the SDGs

The implementation of the National REDD-plus Strategy contributed and will continue to contribute to numerous Sustainable Development Goals beyond the obvious contribution to SDG 13. Climate Action.

SDG 1. No Poverty. By supporting PES in indigenous territories, the RBPs program make an important contribution to the reduction of poverty. The 2011 census found that Indigenous peoples living on their lands are the poorest population in the country. The PES is the only cash transfer programme of the Costa Rican government targeting indigenous peoples and in the context of the COVID-19 recovery phase offers (1) a rapid and cost-effective way to provide basic needs like food and shelter; (2) a means to recover and rebuild after the crisis; and (3) protection from future shocks.

SDG 5. Gender equality: the project will make a significant contribution to achieving gender equality by adopting a series of measures which include direct cash transfers to women through the PES, capacity building and engaging women in decision making processes in a more robust manner. The Gender action plan provides a detailed description of these measures.

SDG 15. Life on Earth: By supporting the national payment for ecosystem services scheme the project will make a large contribution to the protection, restoration and promotion of the sustainable use of terrestrial ecosystems, and to the sustainable management of forests.

D.4. Needs of the recipient

Describe the vulnerability and financing needs of the beneficiary country and population.

Costa Rica has an old democratic and pacifist tradition, respectful of human rights. For instance, education was declared free and mandatory in 1869, the army was abolished in 1949, social guaranties of access for all Costa Ricans were enacted back in 1943 and the existence of a rule of law regime and democratic governments have produced a recognized political stability.

During the last 20 years, most households improved their life conditions, thanks to the combination of economic growth and a higher social public investment. Revenues were increased in general, within a framework of liberty and rights, and a better protection of them. It is still, as it was twenty years ago, a “middle income” country, and according to UNDP’s classification, of “high human development”; however, the country’s challenge is to improve the inequality in income, the reduction of poverty, the inequity of labor markets and environmental unsustainability, within the context of a new development model.

According to the Ministry of Planning (MIDEPLAN) indigenous peoples of Costa Rica have the lowest development indices and the highest poverty rates. Amongst the five poorest cantons, the two that concentrate the largest indigenous population are Buenos Aires and Talamanca. The 2011 census includes disaggregated data on indicators for the indigenous population on health, education, accessibility amongst Poverty ones. As a result, it finds that 70.1% of indigenous households have at least one of their basic needs unfulfilled, while is 24.6 % at the national level. It also finds that 43.8% of indigenous households have access to water and sanitation. Moreover 62.8% of indigenous households carry out at least one agricultural activity and only 39.3% of have agricultural parcel or farms. Indigenous peoples living on their lands are the poorest amongst the entire extreme poverty population in the country. The latter, added to the fact that they depend on renewable natural resources (most at risk to climate variability and extremes) for their economic activities and livelihoods, places indigenous peoples in a position of vulnerability to climate change (ILO 2017).

Between 2014 and 2015, the economy grew at a moderate pace, with acceleration and slowdown mini cycles, in a low inflation context. This growth was accompanied by a relatively high unemployment level (8,5%), a higher dynamism in the creation of informal jobs. Health, education and access to public services indexes continued to improve, as well as the average income of families. However, poverty remained stagnant in close to 20%. And in the political arena, the country held free and clear democratic elections for its sixteenth time, the longest sequence of this nature in Latin America. The country evolved towards a multiparty system.

The country's economic outlook for the year 2018 of the Economic Commission for Latin America and the Caribbean (ECLAC), indicated that Costa Rica had become one of the countries of the Central American region and the Dominican Republic (CARD) with one of the largest fiscal deficit indices, higher than 6% of GDP.

Given this, the Government of the Republic made an important effort and on July 1, 2019, the Law on Strengthening of Public Finances, which among other aspects includes:

- The change of the old and obsolete General Sales Tax for the Value Added Tax (VAT).
- Capital Gains are taxed: either for the sale of a good or when the value of equity is altered.
- The rates of the Income Tax and the Salary are modified.

The entry into force of this Law supposes a stop to the uncertainty that has accompanied the country in recent years.

Costa Rica has environmental strengths which are part of its image and historic evolution, and that have positioned it in the world as a responsible and innovative country in ecological issues. Conservation continues to be the country’s biggest strength, even though the protected continental surface has not suffered significant changes, in four years, the marine area almost tripled. Progress in knowledge has allowed the detection of threats

to the integrity of ecosystems. Nevertheless, important fragmentations, few forests with high integrity, and strong pressures on land use have also been identified.

FONAFIFO's PES programme is based on the polluter pays principle. The PES is mainly financed by 3.5% of the national fuel tax and from a fee for water use. As of 2013, the PES compensated environmental services in >1,000,000 hectares of forest (120,000 hectares in indigenous territories), investing more than $400,000,000 in economically depressed rural areas. Funding the national PES programme is an absolute priority for Costa Rica, which is 82% funded through a fuel tax and water fee, the rest coming from public and private international support. One of the impacts of COVID19 in Costa Rica is the decrease in fuel consumption due to mobility restrictions, and therefore a lower revenue of the tax that directly affects the main source of funding of the PES. In any case, with an ever-increasing demand, FONANFIFO's budget, even prior to the COVID19 crisis, accommodates only 42% of applicants[57] (See Table detailing the pipeline of the PE, this is why the GCF RBP project intends to secure additional financial resources to strengthen this PES scheme.

***Table 20**. PES unfulfilled demand*

Year	Areas submitted (ha)	Areas under contract (ha)	GAP (unfulfilled demand)
2013	130.319,00	61.268,00	69.051,00
2014	139.331,00	43.321,00	96.010,00
2015	122.850,00	63.917,00	58.933,00
2016	120.124,00	43.288,00	76.836,00
2017	106.936,00	40.876,00	66.060,00
2018	86.596,00	43.060,00	43.536,00
TOTAL	706.156,00	295.730,00	410.426,00

Costa Rica has the potential to achieve even more ambitious PES goals by consolidating the program fully into the mainstream economy. However, the country's biggest challenge is to secure long-term financial sustainability to meet increasing demands, since the current budget accommodates roughly only 40% of applicants[58]. Its current dependency on tax revenue makes the program vulnerable to changing political and macroeconomic conditions, as well as impacts due to COVID19 pandemic. Therefore, the program's finance structure needs to be diversified. To this end, Costa Rica is looking to use international REDD+ result-based payments to support the expansion of the PES scheme.

Contribution of PES to the COVID recovery phase

The proposed use of proceeds is more relevant than ever given the important upcoming recovery process from the covid-19 pandemic. The national PES will be an important mechanism to transfer needed cash resources directly to impoverished groups to support the COVID-19 recovery phase. **In fact, the PES programme is the only existing government cash transfer programme that directly targets indigenous people in Costa Rica.**

In an emergency situation like the current one, cash transfers offer three important forms of relief: (1) a rapid and cost-effective way to provide basic needs like food and shelter; (2) a means to recover and rebuild after the crisis; and (3) protection from future shocks.

One key requirement for PES is that payments must be conditional upon environmental performance—that is a unique opportunity to ensure the COVID-19 recovery process takes environmental concerns into account.

D.5. Country ownership

Describe the beneficiary country ownership of, and capacity to implement a funded project or programme (policies, climate strategies and institutions).

[57] GGGI, 2016. Bridging the Policy and Investment Gap for Payment for Ecosystem Services. Learning from Costa Rican Experience and Roads Ahead

[58] Bridging the investment gap for Payment for Ecosystem Services in Costa Rica - Learning from Costa Rican Experience and Roads Ahead (GGGI, 2016)

The project is fully aligned with Costa Rica's National REDD+ Strategy, its Carbon Neutrality goals as set out in the pre-2020 voluntary commitments and in its NDC and a suite of domestic policies and strategies.

The MINAE is the national environment authority in charge of designing environmental policies and coordinating strategies, projects and projects for the conservation of ecosystems and the sustainable use of natural resources. MINAE is also the NDA for the Green Climate Fund.

In 1995, the National Fund for Forest Financing (FONAFIFO) was created by the Forestry Law, with the purpose of promoting forest management and reforestation, and to improve the use and industrialization of Costa Rica's forest resource. FONAFIFO is also in charge of obtain financing and manage the program of Payment for Environmental Services. It is governed by a Board of Directors that represent different stakeholders of the Forestry sector.

In 2019 FONAFIFO managed an annual budget of 27,545,937*colones* (equivalent USD $36.270.728,86 at January 2020 exchange rates)[59]. The GCF project will build on FONAFIFO's experience in payment for environmental services. FONAFIFO also has extensive experience with REDD+ having managed the national REDD+ secretariat which oversaw the REDD+ readiness process.

D.6. Efficiency and effectiveness

Describe the economic and, if appropriate, financial soundness of the programme.

There is an ample academic literature on the impacts of Costa Rica's payment for environmental services scheme which can be drawn on to assess the expected efficiency and effectiveness of the proposed project.

Costa Rica's successful results in reducing deforestation and increasing forest cover since the 1980s, are explained by a combination of command and control measures including legal reforms to stop the expansion of the agricultural frontier, coupled with incentive-based programs including the PES[60], and active support for ecotourism in protected areas.

While most studies on a national scale conclude that PES alone has had a low direct impact on deforestation rates and the forest cover of Costa Rica, sub-national studies provide evidence of additionality for PES-related avoided deforestation[61] in some areas of the country.

In addition, studies show that areas enrolled in the programme were found to store an additional 9 ton C ha−1 on average when compared to areas outside the programme, hence the program has had documented impact in promoting conservation of existing forests. Moreover, studies suggest that the PES has had an important indirect impact as it served as compensation for the prohibition of forested land uses change greatly increasing the political acceptability and reducing the enforcement cost of this command and control measure[62], as well as changing farmer behavior and enhancing conservation particularly when high-quality technical assistance is part of the program[63]

Furthermore, the PES appears to have a better impact at a lower cost than the protected area network, the main alternative as a conservation tool. According to Sage (2000) and Hartshorn and al. (2005) the protection cost of the forest resources through the PES programme is much lower than the traditional system of land buying by the State and protection through a national park (from 1,4 to 4 times less expensive depending on the methodology used).

[59] Based on 2018 approved budget. All approved and budget expenditures are disclosed in FONAFIFO's website: http://www.fonafifo.go.cr/es/documentos/presupuestos/#pa

[60] Brockett, Charles D., and Robert R. Gottfried. "State Policies and the Preservation of Forest Cover: Lessons from Contrasting Public-Policy Regimes in Costa Rica." Latin American Research Review, vol. 37, no. 1, 2002, pp. 7–40. JSTOR, www.jstor.org/stable/2692103. Accessed 21 Feb. 2020.

[61] Daniels, Amy E. & Bagstad, Kenneth & Esposito, Valerie & Moulaert, Azur & Rodriguez, Carlos Manuel, 2010. "Understanding the impacts of Costa Rica's PES: Are we asking the right questions?," Ecological Economics, Elsevier, vol. 69(11), pages 2116-2126, September.

[62] Legrand T., Froger G., Le Coq J-F., (2010b) : « The efficiency of the Costarican Payment for Environmental Services Program under discussion », communication to the12th BIOECON conference "From the Wealth of Nations to the Wealth of Nature: Rethinking Economic Growth" in Venice

[63] Garbach, K., Lubell M., DeClerck F.A.J. 2012. Payment for Ecosystem Services: The roles of positive incentives and information sharing in stimulating adoption of silvopastoral conservation practices. Agriculture, Ecosystems and Environment, vol. 156: 27-36.

Despite the substantial cash transfers to voluntary participants in this program, most studies do not document evidence of impacts on their wealth or self-reported well-being. These results are consistent with the common claim that voluntary PES does not harm participants, but they beg the question of why landowners participate if they do not benefit. Indeed, most landowners voluntarily renew their contracts after five years in the program and thus are unlikely to have underestimated their costs of participation, and requests for participation keep increasing beyond budget capacity. They apparently did not invest additional income from the program in farm inputs such as cattle or hired labor, since both decreased as a result of participation. Nor does the literature find evidence that participation encouraged moves off-farm. Instead, semi-structured interviews suggest that participants joined the program to secure their property rights and contribute to the public good of forest conservation. Thus, in order to understand the social impacts of PES, it is necessary to look beyond simple economic rationales and material outcomes[64].

Another, PES effects on the long run can also be assessed looking at its capacity to make social norms and values regarding forest conservation evolve. Hartshorn et al. (2005) say that « *PSA contracts may contribute to environmental protection indirectly by making the social norms and preferences of the participants more conservation oriented* », thanks in particular to the institutionalization of the recognition of the value of environmental services. This perception change of forest ecosystems has been noticed by several studies (Locatelli et al.,2008; Miranda et al., 2003; Ortiz et al., 2003). Such cultural change is a key aspect of the effectiveness of this project.

PES as an efficient and effective response in the COVID recovery phase

The current PES schemes and the dedicated PES for IP is more relevant than ever in the context of the economic hardship that will likely come as a result of the COVID-19 pandemic. For the coming 5 years which is the duration of the project, the PES is a readily available mechanism to transfer much needed cash resources to impoverished groups. As explained in section D.4, in an emergency situation like the current one, cash transfers offer important forms of relief. Putting environmental performance conditionalities on these much-needed cash transfers is a highly efficient and effective way to ensure the covid-19 recovery process takes environmental concerns into account.

The government of Costa Rica wants to ensure public resources are used for the intended purposes while avoiding unnecessary administrative burdens that will increase the time it takes to get the cash to the ground and use the technology and targeting mechanisms already in place for cash transfer programs to access vulnerable people quickly. The use of an existing mechanisms such as the PES is more efficient than developing and piloting new schemes. PES is an effective mechanism governed by detailed rules enshrined in an operation manual informed by over 20 years of operations. This is a tested mechanism which ensures that results will be achieved as opposed to a pilot scheme where results are uncertain.

E. Compliance with GCF policies

Describe how the REDD-plus results-based programme that generated the results submitted in this proposal or will be supported with the proceeds earned by them aligns with GCF policies for the activities that led to the achieved results and for the use of proceeds.

E.1. Environmental and social safeguards

E.1.1. For the period of the achieved results

Summarize the main findings of the environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. This supplements information about the country's own assessment as to how the Cancun safeguards were addressed and respected in the REDD-plus activities.

The Environmental and Social Assessment (ESA) report describes the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. The ESA found general consistency with the GCF ESS standards and included a set of recommendations to strengthen the social and environmental framework in Costa Rica (see Annex XIII (h) for the full report).

Costa Rica's ESA reviewed REDD+ actions focusing on whether applicable policy contains adequate measures undertaken to identify, assess, and manage environmental and social risks and impacts. These environmental

[64] Arriagada RA, Sills EO, Ferraro PJ, Pattanayak SK (2015) Correction: Do Payments Pay Off? Evidence from Participation in Costa Rica's PES Program. PLOS ONE 10(8): e0136809. https://doi.org/10.1371/journal.pone.0136809

and social risks are those encompassed by the UNDP SES (which is fully coherent with GCF's Environmental and Social Standards). The analysis also highlighted policy alignment with the Cancun Safeguards and the application of the safeguards through policies, laws and regulations as established, which is the lens through which Costa Rica defined its REDD+ safeguards approach and its first Summary of Information[65] (**SOI**) and is gradually strengthening its Safeguards Information System (**SIS**)[66] for tracking and reporting of safeguards requirements.

The assessment includes an identification and assessment of those processes for stakeholder identification, consultation and participation in the REDD-plus actions, and accesses the existence and use of grievance redress mechanisms (**GRMs**) or analogous systems, as well as actions designed and implemented in a gender responsive and inclusive manner.

E.1.2. For the use of proceeds

Provide adequate and sufficient information describing how environmental and social risks and impacts will be identified, screened, assessed and managed in a manner consistent with the GCF's ESS standards, including the determination of the relevant environmental and social risk category of the proposed activities and the appropriate environmental and social assessment tools and management plans.

UNDP's Social and Environmental Standards (SES) were reviewed by the GCF accreditation panel and deemed sufficient to accredit UNDP to submit 'low' and 'moderate' risks projects. The overall social and environmental risk category for this project is **Moderate**. The ESMF provides an assessment of the social and environmental risks as well as their associated mitigation measures based on the Social and Environmental Screening Process (SESP) and on the consultative process realized to date.

As a Moderate Risk Project, further impact assessment and management measures will be needed in order to manage risks effectively throughout project implementation.
Based on the findings of the ESMF, further assessment and, where needed, elaborated management measures and/or plans will take place upon project initiation. The management plans will be consistent with the requirements of the UNDP SES and may be incorporated into an updated ESMP and/or elaborated as an activity-specific plan (ie PES and IP PES modality policy and guidelines could be updated to incorporate key safeguards management measures):

- PES and IP PES specific - Stakeholder Engagement Plan
- PES and IP PES specific - Gender Action Plan
- IP PES specific - Indigenous Peoples Plan, including consideration of Cultural Heritage
- Pending further assessment of risks (Note: more detailed management measures could be sufficient or there may be a need for an elaborated plan):
    - A Community, Health and Safety Plan;
    - A Labor and Working Conditions Plan;
    - A Livelihoods Management Plan;
    - Pollution Prevention Plan;
    - Biodiversity Management Plan
- Capacity building will be built into the project and will underpin the successful implementation of these management plans.
- MIRI will be assessed and strengthened to ensure effective receipt and response of grievances during the project.

To ensure full compliance of the rights of IPs and on UNDP's Standard on indigenous peoples during the implementation of the project and the IPs specific PES modality, this ESMF recommends the development of a project-specific Indigenous people's Plan. The IP Plan includes a review that will provide further detail regarding the governance structure of each of the Indigenous communities that may participate in the project, including whether they embrace ADIs as their governance structure, or otherwise whether they keep to their traditional structures of governance. The review also shall provide further detail regarding the specific activities that the project will support that may have an impact on IPs livelihoods and cultural heritage, including a continuous engagement process. It shall provide inputs for strengthening the gender dimensions of the IPs Specific PES

[65] Costa Rica's first SOI (December 2019) is *available* at: https://redd.unfccc.int/files/4863_6_primer_informe_nacional_sobre_salvaguardas_para_la_estrategia_redd_2bnov30.pdf
[66] Costa Rica's SIS is available here: http://ceniga.go.cr/sis/

modality, such as with respect to decision-making and benefit-sharing. It shall provide inputs to avoid non-indigenous persons engaging in PES contracts over properties found in IP territories. It shall also strengthen distribution of benefits and financial accountability, strengthen the formulation of natural resource management plans formulated by IPs, in recognition to their traditional practices, and build on provisions to ensure FPIC is carried out and agreements from the consultation process are implemented. The review shall also identify ways in which Costa Rica's legal framework on the rights of Indigenous peoples may be further strengthened, including in respect of the legal representation of Indigenous peoples that maintain their traditional structures of governance.

The ESMF implementation and management plans implementation will be overseen by UNDP. Consistent with UNDP SESP requirements, no activities that may cause adverse social and environmental impacts will proceed until the targeted assessments have been completed and associated management measures are in place.

The project team will include an environmental and social safeguards expert, responsible for monitoring and implementation of the ESMP and associated management plans, as well as ensure that the existing mechanism for receiving and handling complaints (MIRI) is fully effective and functioning in line with UNDP's Guidance. This team will be dedicated to the formulation and follow-up of these frameworks and to the bi-yearly evaluation these actions with oversight from the Project Board.

E.1.3. Consultations with stakeholders

Provide adequate and sufficient information on the consultations undertaken with all the relevant stakeholders, describing who are the identified stakeholders, what the issues and concerns raised and how these are responded to and considered in the proposed activities. Information on the stakeholder engagement plan or framework will also need to be provided, describing how the activities will continue to engage the stakeholders, further consultations, communication and outreach, and process for grievance redress.

In order to promote and ensure the full and effective participation and support of stakeholders during the REDD-plus readiness process and later on during the implementation of the National REDD+ Strategy, the Government, through the REDD+ Secretariat, has implemented a series of complementary actions since 2011.

An extensive stakeholder engagement process was carried out in Costa Rica during this first REDD+ readiness phase (2011-2019), with funds from the FCPF and an investment of approximately US $840,000. Over 180 participatory stakeholder engagement activities were carried out in the country, including townhall meetings, information & capacity building workshops, and analysis of proposals by the regional territorial groups (BTR acronym in Spanish)[67]. As a result, Costa Rica has a broadly consulted National REDD+ Strategy and implementation plan; the RBPs project will support implementation of three of the main action lines of the strategy.

During the implementation of the project actions will be held to sustain and continue the ongoing participatory processes and stakeholder engagement platforms, in alignment with legal provisions for FPIC of indigenous peoples are respected as well as other legal provisions that enable stakeholder participation. One of the results of the readiness phase for the National Strategy includes a stakeholder mapping exercise that was **elaborated** in 2013 and is included in the ESMF for the National REDD+ Strategy.

Costa Rica regulated governance arrangements as well as the stakeholder engagement platforms for REDD+ initially during the readiness phase and later for the implementation phase. Additional detail on the different stakeholder engagement platforms, boards and secretariats that were established in both cases is provided below.

Governance during the Readiness Phase

The Executive Decree Nº 37352-MINAET defined governance for the Readiness phase of REDD+ as follows: FONAFIFO was the responsible party for REDD+ in Costa Rica, reporting to MINAE for the elaboration of the National REDD+ Strategy. In terms of representativity, the role of FONAFIFO begins with its Executive Board[68] including five members that represent key stakeholders as follows; i) two representatives from the private sector named by the National Forest Office one must necessarily represent small and medium forestry associations and one from the industrial sector; and ii) three representatives of the public sector, one from the Ministry of the Environment and Energy, one from the Ministry of Agriculture and Cattle-ranching and one from the National Banking System. Within FONAFIFO, the Decree established the **REDD+ Executive Secretariat** that has a technical component, a social component, and a crosscutting support component. The secretariat is responsible

[67] Results from the consultation process to fulfill FPIC for REDD+ in Costa Rica, 2019, by the REDD+ Secretariat in Costa Rica Link http://ceniga.go.cr/wp-content/uploads/2020/02/Sistematization-of-Consultations-IPs-Costa-RIca-ENG.pdf
[68] Article 48 of the regulation of Costa Rica's National Forestry law N7575;

to enable operational, logistical, programmatic, technical and financial conditions for the design and implementation of the Strategy.

The **REDD+ Executive Committee** was also created to ensure governance of the National REDD+ Strategy. Formed by an official member and a deputy for each one of the main stakeholder groups or Relevant Interested Parties (PIR); Indigenous Peoples, Timber Producers, small and medium Forest Producers, Government, Academic sector and Civil Society. The role off this committees is to provide technical and political recommendations for the National REDD+ Strategy, serving as an advisory committee. Finally, in order to promote inter-institutionality in the REDD+ Strategy, the decree established that public institutions shall name focal points to address REDD+. The aim was to have these focal points participating in the **interinstitutional commission**, where other stakeholders from the non-government sector that support the National REDD+ Strategy's implementation also participate.

The above-mentioned arrangements were operational during the REDD+ Readiness phase and supported the design and implementation of the Strategy. It is important to note that lessons learned from the process were considered in the elaboration of the new arrangements for the implementation phase.

Governance during the implementation phase
Executive Decree Nº 40464-MINAE regulates the implementation of the National REDD+ Strategy, including the key institutional arrangements. Article 7 creates the **Executive Secretariat for the National REDD+ Strategy** and its **Directive Council**.

The **National REDD+ Secretariat** is composed by two public servants from the National Protected Areas System (SINAC) and two from the National Forest Finance Fund (FONAFIFO), one of them is designated for its coordination. The secretariat is expected to i) coordinate compliance of the different phases of the Strategy; ii) ensure compliance social and environmental safeguards for the National REDD+ Strategy; iii) establish and manage specific agreements with state entities as well as with private companies and other key stakeholders; iv) Present relevant reports as required; v) Prepare and present quarterly reports on progress of the National REDD+ Strategy to the Directive Council; vi) Convene different townhall meetings for the designation of members for the steering committee vii) supervise financial resource administration processes from the National REDD+ Strategy; viii) guarantee that grievances are addressed and responded and ix) any other actions required during the implementation of the Strategy.

The **REDD+ Directive Council** is made up by the Director of the SINAC, the director of FONAFIFO and the Vice minister of the Environment. The role of this council is oversight and political direction of the executive REDD+ secretariat, the negotiation of Emission Reductions and to ensure compliance of the National REDD+ Strategy.

The main role of the **REDD+ Steering Committee** (established in Article 18) is to ensure compliance of the National REDD+ Strategy during all its phases. The committee is composed by two representatives of Indigenous Peoples, two small forest producers (according to the National Forestry Law), two representatives from NGOs from the environmental sector, two representatives of timber transformation Industry, two from public universities that have Forestry Science carriers, one representative from the School of Agronomy Engineers and a representative from the Professional Forestry Associations in the country.

The committee will be coordinated by the REDD+ Secretariat providing necessary collaboration for its operation. Representatives will be chosen via independent townhall meetings that will be promoted, coordinated and supervised by the Secretariat. Except for the School of Agronomy Engineers. These meetings shall be called for with a 30 days' notice and shall be advertised in the national and regional level media. Representatives are chosen by election, wining over a simple majority of attendees. Once representatives have been designated, the Secretariat will call for the first meeting of the steering committee. The committee was established in May 30th, 2019 and since then has convened every 2 months, during the first meetings its own operations manual was agreed. The steering committee has the following functions; i) Ensure or monitor different stakeholder's compliance with the National REDD+ strategy as long as financing is available. May request information from public institutions that participate in the committee as considered necessary, as well as establish the grievance/complaint notes as relevant when relevant when there is non-compliance of the National REDD+ Strategy.

Indigenous peoples and local communities
As a result of the stakeholder mapping exercise during the readiness phase, four Regional Territorial Blocks (BTR Acronym in Spanish) were established to facilitate the institutional articulation between indigenous peoples and FONAFIFO; Atlantic, Central Pacific, Central and North and South Pacific. They work via an integral development association (ADI acronym in Spanish) with the implementer role for REDD+, facilitating the information and

articulation process with indigenous communities at the local level serving as an agglutinating entity for several territories in each region. FONAFIFO delegated to the ADIs all the logistic and financial responsibilities during the participatory process. The Regional Territorial Blocks (BTR) and are conformed as described below and will continue to operate during the implementation of the Strategy, hence the RBPs project;

1. **Atlantic (RIBCA):** Implementer (ADI) ADITICA. Territories: T Bribri-Talamanca; T. Kekoldi-Talamanca; T. Cabecar-Talamanca; T. Telire-Talamanca; T. Tayni-Valle de la Estrella; T. Nairy Awari- Siquirres; T. Bajo Chirripo-Bataan; and T. Alto Chirripó.
2. **Central Pacific:** Implementer ADI UJARRÁS. Territories: T. China Kichá; and T. Ujarrás.
3. **Central & north:** Implementer ADI MATAMBÚ. Territories: T. Zapatón; T. Guatuso; T. Matambú; T. Quitirrisí. As well as some territories that still have to decide on who will be their ADI for the process: T. Curré; T. Boruca; T. Salitre; T. Cabagra.
4. **South Pacific (Regional Ngöbe):** Implementer ADI Coto Brus. Territories: T. Ngöbe-Península de Osa; T. Ngöbe- Conte Burica; T. Ngöbe- Coto Brus; T. Ngöbe-Abrojo Montezuma; and T. Ngöbe-Altos from San Antonio

The national consultation plan for Indigenous peoples developed at the national level was a result of the participatory process carried out in the context of REDD+, describes the organizational structure of indigenous peoples through different organizational levels as described below and illustrated in Figure 10;

- **First level:** Formed by organizations at the local level (OTI Acronym in Spanish) or by the indigenous development association (ADIs) as the facilitating entities at the local level, The OTIs conform the Townhall for the BTR and each BTR designates a representative.
- **Second level:** Formed by the representatives of each BTR, according to geographical sociocultural characteristics and geographic location. This level defines four blocks for the following geographical areas; Atlantic, Central Pacific, South Pacific and central sector. The role of the BTRs is to maintain coordination at the national and local levels.
- **Third level:** Is the National Assembly formed by two representatives from each ADI, hence all members of all BTRs (48 leaders approximately).
- **Fourth level:** Is the National Technical Indigenous Secretariat formed by one technical representative from each BTR, 4 representatives in total. Its role is to provide technical advice to all territorial blocks.
- **Fifth level:** The National Assembly (third level) delegates two representatives one official and a deputy who will represent indigenous peoples in the National level discussions; National REDD+ Executive Committee (during the readiness phase) and recently the REDD+ Steering committee.

Figure 10. *IPs organizational structures at the different levels (Level 1 with the ADIS, starts below and moves upwards to level 5)*

Regarding articulation with small farmers and rural communities, who represent an important area of Costa Rican families that own land under forestry or with potential to develop forestry. This sector is made up by four types of stakeholders;

- The National Forestry Union (UNAFOR): a third level organization conformed by five regional organizations and over 160 local organizations including producers, cooperatives, women's organizations, administrators of rural aqueducts, independent producers.
- Regional references for the small-farmer sector and civil society; this consultative group elected by participants of all workshops carried out during the information phase include approximately 31 people from all different regions in the country.
- The National Forestry Office (ONF): represents small medium and large forest producers and from the forestry/timber industry
- Other groups of farmers, producers and their representative organizations conformed by all different groups and organizations of potential beneficiaries on REDD+ or interested in REDD and that do not form part of any of the above-mentioned groups.

To ensure that small farmers and rural communities were able to participate adequately in the readiness process and the designation of their representatives the Indigenous and Small farmers coordinating association for community-based agroforestry (ACICAFOC, acronym in Spanish) was hired to carry out workshops with this specific group of stakeholders. This work was carried out jointly with the National Forestry Union (UNAFOR) who have representation in the five regions, and their affiliates. It is important to note, that REDD+ was the starting point to create UNAFOR in Costa Rica. During the implementation phase, articulation with this group of stakeholders continues and consultations are carried out with local organizations via UNAFOR's representatives.

The ONF represents the forestry/timber industry as well as small farmers, in terms of participating in decision making processes regarding REDD + in Costa Rica they have two different options. On one hand, ONF is represented in the Board of FONAFIFO with two members, hence can influence decision making processes of the responsible government institution in charge of REDD+. On the other hand, are members of the REDD+ Steering committee, where they have a say in accountability regarding how REDD+ is implemented.

As part of the National REDD+ Strategy and as a result of the ESMF carried out in the context of the Carbon Fund ERPA project in Costa Rica, an Indigenous People's plan was developed that responds to all needs regarding their participation, respect for rights, identifies key actions and measures to be implemented including cultural heritage. The Indigenous Peoples Planning Framework (IPPF) aims to avoid potential adverse effects or risks on indigenous communities and to maximize the benefits of the implementation of the Indigenous Peoples (IPs) Strategy; and where these cannot be avoided, reduced, mitigated or compensated for. In addition, provides guidelines to ensure that affected indigenous communities can be consulted in a culturally appropriate manner, through free, prior and informed consent, to obtain broad community support. The IPPF will be updated to ensure full integration of the recommendations and provisions of the project's ESA and ESMF.

Costa Rica is committed to implement FPIC, demonstrated by the regulation of the general mechanism for indigenous peoples consultation (Executive decree 40932 MP-MJP April 2018) which regulates the obligation to consult Indigenous Peoples in a free, prior, and informed manner, through adequate procedures and representative institutions, in the cases where there will be administrative measures, new legislation or private projects that may affect them. The general consultation mechanism for Indigenous Peoples (of compulsory application for central public administration) establishes a series of general procedures for consultation, defines who the responsible parties in the process are, amongst other. In accordance with this national regulation, Costa Rica carried out a consultation process for the National REDD+ Strategy with IPs in the country the results were included in the implementation plan (Section 3 of the National REDD+ Strategy). The results of the consultation process include provisions to improve the forestry law and to facilitate participation of IPs in the PES programme, Also, adds provisions regarding the application in IPs territories to benefit from the PES scheme, in a better way. These provisions include the need to submit minutes and the internal agreement of each community to access the PES Scheme, with participants list, and details on how the proceeds will be used, in addition the contract must be signed by the president of each community acting as the local government. Moreover, provisions allow for 2% of the area in the project to be used for subsistence agriculture; hence one of the outputs supported by the current project.

Under the scope of REDD+ actions, there have been multiple spaces for the Indigenous sector to voluntarily participate in the definition of all necessary aspects to comply with International & national safeguards provisions as well as with international agreements ratified by the country.

In addition, existing stakeholder engagement platforms that will be strengthened as part of the project;

The Citizen Consultative Council on Climate Change: Citizen Consultative Council on Climate Change (5C) as a participatory platform for citizens framed under the National policy of Government openness. Established by decree 40616 Intends to strengthen accountability and transparency mechanisms and to make information available and accessible. The council aims to collaborate with the design and application of national policies on climate change, in particular the implementation of Costar Rica's NDC signed in Paris COP 21 in December 2015.

The council is made up by representatives from the following sectors:

1.Communties; Administrative Associations of communal Aqueducts and sewers- (ASADAS Acronym in Spanish) and Development organizations (3 representatives)
2. Biodiversity- Ecosystems (3 representatives).
3. Agriculture-forestry-fisheries (3 representatives).
4. Industry- Trade (3 representatives).
5.Infrastructure-Transport (3 representatives).
6. Indigenous-Women-labor organizations (3 representatives).
7.Mobility and urban sustainability (3 representatives).

Covirenas are the civil society Natural resources surveillance committees; conformed by *Ad Honorem* environmental inspectors who contribute to public servants in the application and compliance of environmental regulation and the protection of natural resources. They operate at the regional and local level. Given that they are community leaders, can serve the project's implementation by sharing and communicating information to key stakeholders on the ground to participate in the PES modalities that will be supported by the project.

For the implementation of PES modalities supported by the project FONAFIFO's Board will serve as the information disclosure platform given that most of the key stakeholders are part of the board. Given that IPs are not represented in FONAFIFO's board, to ensure they are included, a specific commission will be created under the REDD+ Secretariat to ensure that information is disclosed to the indigenous peoples' Assembly (third level) or via direct contact with the ADIs in each territory.

In addition, the project aimed to support implementation of the National REDD+ Strategy and its scope will be presented to all relevant stakeholders in the context of existing platforms and governance arrangements once they meet.

The project builds on extensive stakeholder engagement and consultations that have been carried out to date on the REDD+ Strategy and aims to continue to strengthen the existing stakeholder engagement platforms (as described above) throughout project implementation. The latter includes engagement during the identification, assessment, and development of management measures for forthcoming project activities and plans. Meaningful, effective and informed stakeholder engagement and participation will continue to be undertaken using existing stakeholder engagement platforms and governance arrangements, that will seek to build and maintain over time a constructive relationship with stakeholders, with the purpose of avoiding or mitigating any potential risks in a timely manner.

Communications

UNDP and FONAFIFO will develop and release updates on the project on a regular basis to provide interested stakeholders with information on project status. Updates may be via a range of media e.g. print, radio, social media or formal reports. A publicized telephone number will be maintained throughout the project to serve as a point of contact for enquiries, concern, complaints and/or grievances. In addition to the existing Grievance redress mechanisms for the National REDD+ Strategy (MIRI), the PES and for the Scheme. All material will be published in Spanish given it is the local language and English versions will be prepared as appropriate.

Stakeholders will have access to relevant project information in order to understand potential project-related opportunities and risks and to engage in project design and implementation that will be disseminated via the existing web platform of the different institutions such as FONAFIFO. Following information disclosure and transparency guidelines in Costa Rica, information about the project will be made available. This will include Stakeholder engagement plans and summary reports of stakeholder consultations, Social and environmental screening reports (SESP) with project documentation (30 days prior to approval), Draft social and environmental assessments, including any draft management plans (30 days prior to finalization), Final social and environmental assessments and associated management plans, any required social and environmental monitoring reports, amongst other relevant documents.

The REDD+ Secretariat has developed a communication strategy to ensure information on the implementation of the National REDD+ Strategy is disclosed and readily available for stakeholders. This tool is part of Costa Rica's National REDD+ Strategy, nonetheless, has not been implemented to date due to lack of resources. Taking this into account the RBPs project will support the implementation of three of the PES modalities, including the new one for indigenous peoples, resources will be allocated to promote effective communications actions on the modalities as stated in the communications strategy.

Grievance Redress Mechanism (MIRI)

In Costa Rica, general grievances to projects and programs implemented by the government, included the PES are processed and managed through the Office of the Comptroller (*Contraloría* in Spanish). Since 1997, and improving through time FONAFIFO has received, processed and responded to grievances related to the implementation of their programs including the Payment for Environmental Services Program (PES). Since 2010 all grievances related to the (PES) are recorded, monitored (including their resolution), and managed. This system is functioning since then, although there was a gap in 2013 due to lack of resources for personnel. Since 2014 the Comptroller Office is fully equipped to receive and process grievances. Grievances are received via phone, special form in the webpage, and in-person visits to FONAFIFO's office. Since 2014 there is full disclosure of the grievances received including number of grievances, status (in process, resolved), and subject of each grievance. For example, in 2014, the system recorded 6 grievances, 100% were resolved, and they were related to: Delays on PES payments, excess paperwork and requirements in pre-application, awkward location for of the San José Oriental Regional Office, and uncomfortable conditions in the regional office of Pococí.

Costa Rica's broader Grievance Mechanism for the National REDD+ Strategy (*Mecanismo de información, retroalimentación e incorformidades, MIRI* in Spanish) was developed as part of the requisites to complete the REDD+ readiness process supported by the Forest Carbon Partnership Facility. It is described in full as part of the Environmental Social Management Framework for the National REDD+ Strategy[69], and summarized in this document.

The grievance mechanism (MIRI) aims to facilitate a communication channel between the Government, through the Comptroller of Services as a neutral entity and functionally independent of the entities in which they are located, and the Relevant Stakeholders (PIRS). It allows stakeholders actors to clarify their information queries, express their disagreements and generate contributions that give feedback to the implementation of the National REDD+ Strategy, through a wide range of means that they are made available, so that particularities of the different groups are addressed and the greatest possible inclusion is guaranteed.

The MIRI has been designed in accordance with Costa Rica's current legal and institutional framework. The Regulatory Law of the National System of Comptroller of Services No. 9158, aims to regulate the creation, organization and operation of the system of comptrollers, as a mechanism to guarantee the rights of the users of the services. The system is integrated by the Ministry of National Planning and Economic Policy (MIDEPLAN) as the governing body, the Technical Secretariat, the Comptroller of Registered Services and the users of the services. In addition, said Law requires the creation of a Comptroller of Services in each public institution.

In accordance with Executive Decree No. 40464-MINAE, the Executive Secretariat of the National REDD+ Strategy is integrated by SINAC and FONAFIFO. However, the Comptroller of Services in FONAFIFO, has generated considerable experiences and capacities in its ability to ensure the quality of services, user satisfaction and the rational use of public resources. In the case of REDD+ actions that are not under the competence of FONAFIFO, operational arrangements will be established between the institutions to transfer specific consultations and nonconformities, to their corresponding Comptroller of Services, as stated in the national regulation.

For the purposes of the MIRI, any social actor whether a natural, legal, state or private person; individual or community; national or foreign; or any that constitutes a Relevant Stakeholder in the National REDD+ Strategy (according to the definition of relevant stakeholders), will be entitled to carry out procedures through the MIRI. Any interested stakeholder may require information, submit suggestions, grievances or claims on non-compliance in relation to the REDD+ Strategy and its Implementation Plan.

E.2. Risk assessment

E.2.1. For the period of the achieved results

[69] Available at: http://ceniga.go.cr/wp-content/uploads/2020/02/MGAS-Versi%C3%B3nFinal.pdf

Provide adequate and sufficient information that allows for an assessment of the historical performance of the activities undertaken and their track record against the risk tolerance levels specified in the Risk Appetite Statement and the criteria outlined in the Risk Guidelines for Funding Proposals.
Please note that you should consider only the applicable and relevant parts of the two above documents to the feedback you provide.

Costa Rica has a comprehensive anticorruption and money laundering legal framework in place. The Law against Corruption and Illicit Enrichment (Law No 8422) in the Public Function that declares of public interest the information related to income, budgeting, custody, supervision, administration, investment and expenditure of public funds, as well as information [related] to facts and behaviors of public officials. This law constitutes the main legal instrument whose purpose is to prevent, detect and punish corruption in the exercise of the public function. This law gives citizens the right to denounce any act of corruption, and that said complaint be protected and confidential. The Criminal Code establishes that: "Crimes related to corruption are typified in the Law against Corruption and Illicit Enrichment in the Public Service; as well as administrative sanctions for those who commit acts of corruption are listed which will be imposed, depending on the severity. Moreover, one of the pillars of the National Development Plan is to "Fight against corruption and strengthen a transparent and efficient State."[70]

In relation to money laundering, the Law on narcotic drugs, psychotropic substances, drugs for unauthorized use, related activities, capital legitimation and terrorist financing (Law No 8204) contains specific provisions to prevent money laundering.

The Ombudsman's Office created the Inter-Institutional Transparency Network to facilitate the access to information related to the administration of public resources through its publication on the Internet. The Network was created by the Office of the Ombudsman in November 2004, to guarantee the constitutional right of access to information, in relation to the correct administration of public resources and to prevent acts of corruption through accountability and citizen oversight. By this means, the institutions make available state information of public interest such as: budgets, income, expenses, investments, payroll, tenders, contracts, purchases, suppliers, operational plans, work and audit reports, minutes, agreements, agreements, projects, etc. The fundamental principles that support the network are justice, equity, legality, accountability, citizen participation and transparency[71].

Transparency and disclosure are required by Costa Rica's national's legislation for all government implemented programs and projects. In line with this law, FONAFIFO includes in its website up to date statistics (including the years 2014 and 2015) on the following parameters: number of PES contracts disaggregated by gender, number of PES contracts for the different modalities of PES (hydrological resources, conservation, biodiversity, agroforestry), PES contracts benefiting indigenous peoples, budget and expenditures, and requests to participate on the program.

General grievances to projects and programs implemented by the Government, included the PES are processed and managed through the Office of the Comptroller (*Contraloría* in Spanish). These provisions were in place during the results-period and continues to be in place to date.

E.2.2. For the use of proceeds

Provide adequate and sufficient information that details how the plan for the use of proceeds does not violate the risk tolerance levels specified in the Risk Appetite Statement and allows for performance monitoring and evaluation against the criteria outlined in the Risk Guidelines for Funding Proposals.
Please note that you should consider only the applicable and relevant parts of the two above documents to the feedback you provide.

The results-based payments received by Costa Rica through this proposal will be used to fund the implementation of the existing Program for Payment for Environmental Services (PES) and to strengthen the implementation of Costa Rica's National REDD+ Strategy by supporting enabling activities related to safeguards and monitoring.

The PES programme is described in detail in sections C and D above.

[70] Ley contra la Corrupción y el Enriquecimiento Ilícito en la Función Pública Nº 8422 Artículo 39.—Sanciones administrativas. Art. 45-62 delitos
[71] See http://www.dhr.go.cr/la_defensoria/marco_institucional.aspx

UNDP as accredited entity will support the implementation of this project following its program and operations policies and procedures, which include provisions for procurement, monitoring, evaluation and auditing. The project's specific environmental and social risks described in detail in the SESP (included as Annex 1 of the ESMF).

Use of proceeds of this project will be directed to contribute and enhance the implementation of Costa Rica's National REDD+ Strategy, in particular: POLICY 2. Strengthen the existing programs to prevent and control land-use change and forest fires, POLICY 3. Incentives for forest conservation and sustainable forest management, and POLICY 5. Promoting the participation of indigenous people, POLICY 6. Enabling conditions.

Overall, Costa Rica's National REDD+ Strategy has a clearly defined mitigation focus as it aims to address drivers of deforestation and forest degradation and remove barriers for conservation, sustainable forest management and enhancement of forest carbon stock. Hence, its implementation is clearly aligned with the GCF's mitigation objectives. Issues related to engagement on prohibited practices are described in Section E4.

The project will be implemented by UNDP as accredited and executing entity, and FONAFIFO as responsible party and it has the full policy and regulatory support from the Government of Costa Rica. Costa Rica's National REDD+ Strategy is led by FONAFIFO under the political guidance of the Ministry of Environment, Mines and Energy and supported by other government institutions within it in particular the National Protected Area System, the Climate Change Directorate and the National Institute for Meteorology, as well as by non-government stakeholders.

UNDP as accredited agency has demonstrated technical and institutional capability to implement the proposed project. UNDP Costa Rica has a project portfolio that has executed around USD 37million between 2015 to 2019. The country office has specialized technical personnel on climate change and forests including a national program officers, a lead technical specialist in forests and biodiversity, gender, and monitoring and evaluation specialists.

In terms of monitoring and evaluation, UNDP applies UNDSG's guidance for monitoring and evaluation outlined in the RBM Handbook, which is oriented to results-based management (See detailed description of M &E provision in section E6). It also applies UNDP's Social and Environmental Standards to strengthen social and environmental outcomes; avoid impacts to people and the environment; minimize, mitigate, and manage adverse impacts where avoidance is not possible; strengthen UNDP and partner capacities for managing social and environmental risks; and to ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people. Annual audits are carried out for all UNDP projects under eligibility criteria and are published in two UNDP platforms: CARDS and IATI.

The National REDD+ Strategy was developed following a participatory process including extensive consultations described in Section E1.3. The REDD+ Executive Committee is composed by two representatives of Indigenous Peoples, two small forest producers (according to the National Forestry Law), two representatives from NGOs from the environmental sector, two representatives of timber transformation Industry, two from public universities that have Forestry Science carriers, one representative from the School of Agronomy Engineers and a representative from the Professional Forestry Associations in the country, will follow up on this project implementation and the use of proceeds. This will guarantee an oversight mechanism in place from different stakeholders involved in REDD-plus implementation.

Country-execution risks can be summarized as follows:

- Political risks are minimal, as Costa Rica had presidential elections in 2018, and the next elections will be in 2022 when the project will be in full implementation. The government is continuing the implementation of the national policies launched by the previous administration related to this project which are based on long-term environmental policies, in particular the PES programme established in 1996 and successfully implemented since then.
    - While Costa Rica was categorized as one of the countries of the Central American region with one of the largest fiscal deficit indices, higher than 6% of GDP, several important reforms were made in 2019 under the Law on Strengthening of Public Finances.The entry into force of this Law supposes a stop to the uncertainty that has accompanied the country in recent years. Some of these reforms includes:The change of the old and obsolete General Sales Tax for the Value Added Tax (VAT).Capital Gains are taxed: either for the sale of a good or when the value of equity is altered.
    - The rates of the Income Tax and the Salary are modified.

The COVID-19 pandemic is currently the risk with higher probability of occurrence and higher impact of this project. While some impacts have occurred during 2020, uncertainty of the circumstances in the near future poses a challenge for planning the activities and identifying and putting in place mitigation measures. Potential impacts

could include activities halted due to restrictions on movement and assembly of people, lockdowns and travel restrictions resulting in delays in the implementation and the monitoring of the PES and the project itself, additional costs related to security and safety, and drastic decrease of the fuel tax revenue that partially funds the PES. There is local support of the project as different stakeholders are engaged in REDD-plus implementation through their active participation in stakeholder platforms. The risk assessment register below summarizes the other main execution and country-specific risks identified, and mitigation measures:

Table 21. *Risk matrix*[72],[73]

1	Risk Category	Execution Risk
	Probability/Impact/Priority	L/SND/Low priority
	Description	Unforeseen delays or complications due to the implementation of UNDP's new PBP modality.
	Mitigation	Early-on capacity building on the PBP modality to the UNDP country office and responsible party, regarding PBP requirements and conditions. Preparation of detailed plans and agreements with responsible party as soon as the project is approved by GCF. Dedicated expert on call throughout the duration of the project
2	Risk Category	Country Specific Risk
	Probability/Impact/Priority	L/SND/Low priority
	Description	Costa Rica decarbonization plan would result in a progressive reduction of approximately 20% of government income from fuel taxes by 2050. This positive reform would require the generation of new financial support for the long-term sustainability of the programs currently funded from fuel taxes, including the PES programme.
	Mitigation	Create synergies early on with existing projects and programs attempting to increase government revenues from non-carbon related taxes, such as the GEF project to transition to a green urban economy (2020-2025), and new partnerships with the private sector.
3	Risk Category	Country Specific Risk
	Probability/Impact/Priority	L/SND/Low priority
	Description	Political risks are minimal, as Costa Rica had presidential elections in 2018, and the next elections will be in 2022 when the project will be in full implementation. However,his electoral process could result in some institutional changes that may affect project implementation and generate delays.
	Mitigation	During the implementation of the project emphasize communications about the positive impacts of the PES programme to ensure continuous support by all political parties.
4	Risk Category	Country Specific Risk
	Probability/Impact/Priority	SU/SD/Medium priority
	Description	Unforeseen extreme climatic events (droughts or flooding's) affecting areas under the PES programme that will affect contract compliance.
	Mitigation	The project will strengthen FONAFIFO, SINAC and IMN monitoring programs and early warning systems, as well as provide capacity building to additional firefighters (volunteer and state-sponsored), to enhance the country's preparedness to deal with forest fires and environmental emergencies affecting PES areas and protected areas in Costa Rica.
5	Risk Category	Execution Risk
	Probability/Impact/Priority	H/SD/High priority

[72] Social and environmental risks, and their specific mitigation measures, are detailed in the Environmental and Social Management Framework, annexed to the present Funding Proposal

73 PROBABILITY OF OCCURRENCE: L=Low, SU= Somewhat unlikely, SL= Somewhat likely, H=high.
IMPACT: L=Low, SND=somewhat non-disruptive, SD=Somewhat disruptive, H = High

Description	COVID-19 pandemic (restrictions on movement and assembly of people, lockdowns and travel restrictions, additional costs related to security and safety, and drastic decrease of the fuel tax revenue that partially funds the PES)
Mitigation	To update periodically a contingency plan considering the latest information available and the government measures putted in place. Mitigations measures will include teleworking, new technologies to monitor PES and PBPA, capacity building to enable stakeholders to fully engage in the processes virtually and develop new biosecurity protocols.

E.3. Gender considerations

E.3.1. For the period of the achieved results

Provide adequate and sufficient information in the assessment describing the extent to which the measures undertaken complied with the GCF gender policy.

In 1990, Costa Rica approved the Law for the Promotion of Women's Social Equality, whose article 1 states that "It is the obligation of the State to promote and guarantee equal rights between men and women in the political, economic, social and cultural fields". Likewise, the National Policy for Gender Equality and Equity (PIEG) 2018-2030, takes into account the framework of compliance with the 2030 Agenda, and the Sustainable Development Goals (SDGs). One of its axes of action promotes the distribution of wealth, which recognizes that actions must be generated for equitable access to resources that allow the generation of wealth, as well as "ensure responsible governance of tenure, because land, fisheries and forests are essential for realization of human rights, food security, poverty eradication, livelihoods sustainability, social stability, housing security, rural development and social and economic growth. "

To enhance women participation in the implementation of the ENREDD+, FONAFIFO established an Inclusive Fund for Sustainable Development, which allows women to receive payment for the ecosystem services that they promote in their productive spaces of agroforestry or silvopastoral systems (PES SAF). The implementation of conservation activities, sustainable management and agroforestry systems provide support and incentives so that these women can be involved in new initiatives that have the potential to increase forest cover and reduce the degradation of forest ecosystems in unprotected areas.

Access to the traditional PES scheme in Costa Rica is granted based on land-tenure rights. Given that 84.3% of land is owned by men, 15% of farms are owned by women, and most of them are small farmers (under 10ha), where only 8% receives technical assistance and training, it is likely that the PES reproduced existing discrimination against women, especially regarding participation in design and implementation or access to opportunities and benefits of the project. Similarly, PES in indigenous territories, generated risks of unequal distribution of benefits, negatively affecting women. Recognizing these realities, the PES programme since 2010 included an objective to increase women beneficiaries of the program. During 2014 women participation increased by 49% compared to 1997.

From 1997 to 2017 15.1% of PES contracts were signed with women owners. This equates to a total of 2,552 women owners of the total of 16,712 contracts signed in the Program between 1997 and 2017. The number of women owners with PES contracts increased considerably between 2004 and 2013 (Figure 11). This increase occurs largely because Costa Rica signed two loans with the World Bank which included an indicator to increase women's participation and the efforts made by FONAFIFO to increase the number of women owners receiving PES. However, as of 2014, many of the farms that entered the Program were registered as corporations and it is not possible to determine who receives the PES payment; therefore, there is a decrease in the contracts signed with both men and women[74].

[74] Interviews with staff of FONAFIFO's PES Program.

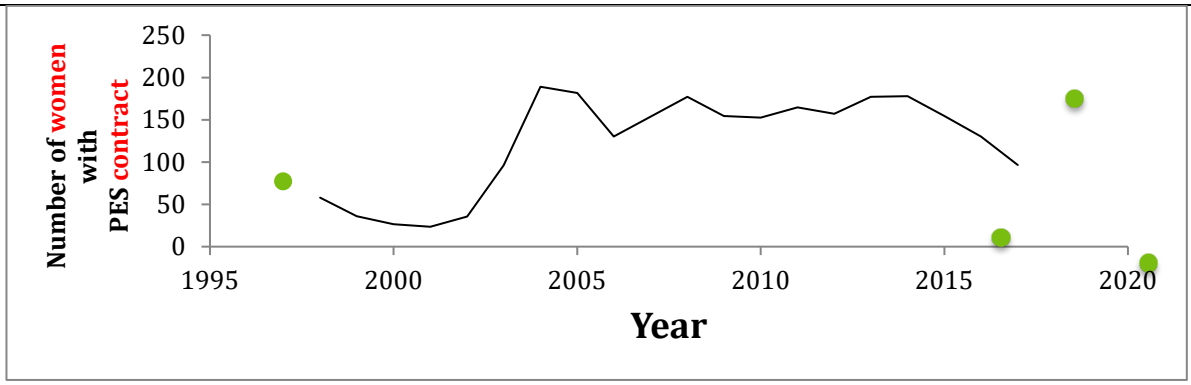


Figure 11. *Number of women with contracts under the Payment for Environmental Services Program. Source: Department of Environmental Services Management, SIAP-gePSA FONAFIFO (Gender Action Plan)* [75]

E.3.2. For the use of proceeds

Provide adequate and sufficient information on how the AE will undertake activity-level gender assessments and action plans once the details of the activities become known.

UNDP is committed to reducing gender inequalities in access to and control over resources and within the benefits of development. Thus, it will ensure this project will not discriminate against women or girls or reinforce gender-based discrimination and/or inequalities as well as ensure both women and men are able to participate meaningfully and equitably, have equitable access to resources, and receive comparable social and economic benefits. To help facilitate these outcomes and ensure the integration of a gender perspective within the project components, UNDP ensures inclusive and participatory activity-level gender assessments and action plans are undertaken.

Costa Rica has developed a comprehensive gender assessment and action plan that covers the whole National REDD+ Strategy, including the activities to be supported by this funding proposal. The Gender Action Plan (GAP), Annex XIII (c) highlighted that Costa Rica's gender and environmental policies show a positive evolution over time. The country has a specific and robust regulatory framework to promote gender equality; it is a signatory and has ratified the main declarations and conventions to promote women's rights; and it has the National Women's Institute (INAMU). This has had a major impact on environmental, forest and climate change policies which in the last decade have evolved from a gender-neutral approach to a gender-sensitive or responsive one. Since 2016, the REDD+ Secretariat, made up of FONAFIFO and SINAC, has been preparing a Gender and REDD+ Road Map that concludes with the development of the Gender Action Plan (GAP) of the Costa Rica REDD+ Strategy (EN-REDD+), in collaboration with gender experts, State institutions, civil society organizations, and diverse groups of indigenous women and small rural producers.

The GAP report summarizes the process for developing the GAP, the results found, and the proposed actions to address gender gaps and enhance gender-differentiated opportunities by implementing the National REDD+ Strategy. To this end, the REDD+ Secretariat conducted the country´s first gender analysis on forests and climate change, which included a review of the regulatory, institutional, academic and social framework related to gender and relevant to REDD+, complemented by field visits and participatory processes to identify gaps and opportunities, case studies and lessons learned. The Gender analysis (aka Gender Assessment) allowed for a better understanding of the reality of Costa Rican women and men in relation to forest management and for obtaining quantitative and qualitative data on gender-differentiated roles, gaps and opportunities. Costa Rican women face a number of gender gaps related to the recognition, procedures and distribution in natural resource management that limit their participation in initiatives to reduce deforestation and forest degradation, summarized below.

Table 22. *Gender gaps on recognition, procedures and distribution in natural resource management that limit women's participation*

Recognition	• Women are not visible in the agricultural and environmental sector. • Women have fewer farms and these are smaller in size.

[75] Cut-off date, February 23, 2018.

	• Gender-specific contributions and knowledge related to forest conservation and management are not recognized.
Procedures	• Women find it more difficult to participate in forestry activities and projects because they have more care responsibilities. • Gender stereotypes limit women's participation in forestry activities and projects. • Fewer women participate in decision-making processes related to natural resource management. • Women producers have less access to information and their farms receive less technical support and extension services. • There is a lower percentage of professional women doing technical work and extension work. • Officials of environmental institutions have limited capacities to implement gender-sensitive or responsive initiatives.
Distribution	• Women producers show higher poverty rates. • The farms of women producers receive less financial support. • The number of women-owned farms included in the PES has been decreasing in recent years.

At the same time, there is great potential to increase the participation of women from different regions of the country in sustainable productive landscape initiatives as they are interested in a wide range of activities aligned with the National REDD+ Strategy**.** In Costa Rica there are about 12,598 women producers who own 106,563.6 hectares of agricultural land. This represents 15.6% of the farms and 8.1% of the total agricultural area belonging to natural persons in the country. Prioritized activities include reforestation, ecotourism, cocoa cultivation, plant nurseries, home garden improvement, collection of non-timber forest products (medicinal plants, seeds or species for construction) and the development of agroforestry systems. Most of these activities can be carried out close to women's homes allowing them to be part of the activities proposed in the National REDD+ Strategy**.**

The activities included in the GAP can generate significant rural development opportunities that generate resources and improve the livelihoods of a wide range of women while reducing deforestation and forest degradation and increasing carbon stocks. The gender analysis found that many of the areas with a high percentage of the farms that belong to female producers coincide with areas with a lower social development index, as well as with priority areas for forest conservation and management, for forest landscape and ecosystem restoration, and for the promotion of low-carbon production systems. The analysis also found that many of the activities prioritized by women during the development of the GAP coincide with or can be strengthened with activities included in the Territorial Rural Development Plans of the country's rural territories.

The GAP is structured on the basis of the 6 Policies, Actions and Measures (PAMs) of the National REDD+ Strategy and is composed of 6 gender objectives (one for each PAM) and 20 expected results, together with the definition of specific actions for the achievement of results, monitoring indicators and responsible institutions**.** The GAP proposes a range of actions that encompass (a) policy changes at the national level; (b) institutional strengthening; and (c) changes at the local level through gender-responsive forestry projects. Hopefully, through these actions, it will be possible to address priority gender considerations in the forest sector and establish strategic alliances between different government institutions, NGOs and women's groups for their implementation.

The design of the GAP was based on a bottom-up participatory approach. This made it possible to propose concrete actions that reflect the reality of the country and to validate the ideas and contributions of women, as well as a greater appropriation of the process of development of the GAP by the women and groups that were publicly consulted, turning it into a proposal for concrete social and environmental transformation based on the needs and priorities of the men and women who day after day contribute to the conservation and sustainable management of Costa Rican forests. In addition, the REDD+ Secretariat has achieved an important achievement in the GAP through joint work, synergies and communication with INAMU during the GAP development process.

This GAP reasserts Costa Rica's commitment to human rights and gender and marks a clear path for continuing work on gender and the environment in the country. The National REDD+ Strategy GAP is the country's first gender action plan on climate and an important step that contributes to the commitment made in its Nationally Determined Contributions (NDC). Through the development of this GAP, Costa Rica becomes one of the few countries that have developed a Gender Action Plan for its REDD+ Strategy.

Costa Rica's gender assessment and action plan comply with UNDP's Social and Environmental Standards, including Principle 2 on Gender Equality and Women's Empowerment and will be developed and validated in consultation with affected stakeholders, including equitably women and men (and youth, when applicable).

E.4. Interim policy on prohibited practices

E.4.1. For the period of the achieved results

Provide appropriate and sufficient information to demonstrate that no Prohibited Practices occurred during the implementation of the activities that lead to the REDD-plus results, such as: undisclosed Prohibited Practices, including money laundering and the financing of terrorism, which occurred during the implementation of results-based actions; and double payment or financing for the same results achieved.

The National Forestry Financing Fund (FONAFIFO), created by Forest Act 7575 in 1995, is the governmental institution which has manage the funds associated with the payment for environmental services programme of Costa Rica. The general objective of FONAFIFO is to finance small and medium producers for conducting reforestation, afforestation, forest conservation, sustainable forest management and establishing agroforestry systems.

FONAFIFO also has the responsibility to raise funds for financing the payment of environmental services provided by forests, forest plantations and other necessary activities to strengthen the development of the natural resources sector. These services are defined in the Forest Act. The PES is mainly financed by 3.5% of the national fuel tax and from a fee for water use. As of 2013, the PES compensated environmental services in >1,000,000 hectares of forest (120,000 hectares in indigenous territories), investing more than $400,000,000 in economically depressed rural areas.

The PES was expanded thanks to two loans from World Bank known as Ecomercados I y II as well as some support from German Development Bank (KfW). In this context FONAFIFO has undergone numerous financial audits according to the international standards of many cooperation agencies such as the German Development Bank (KfW) and the World Bank. These audits have all concluded that FONAFIFO's internal control mechanisms were satisfactory. For further information, please visit https://www.fonafifo.go.cr/en/documentos/informes/.

Through the Ecomercados projects, Costa Rica also gained significant experience in complying with the World Bank's operational policies. This provides further assurance that no prohibited practices occurred and has been an important step to define a management framework to follow-up REDD+ safeguards under the UNFCCC as well as in the context of this project.

Additionally, Costa Rica has a comprehensive Anti-Money Laundering (AML) regulatory regime in place since the adoption of law No. 7786 of 30 April 1998 on narcotics, psychotropic substances, drugs of unauthorized use and related activities. In 2017 the Costa Rican legislature further reinforced this framework by adopting a new law that modifies Law # 7786 which is referred to as the "Drug, Money Laundering and Financing of Terrorism Law" (*Ley sobre estupefacientes, sustancias psicotrópicas, drogas de uso no autorizado, actividades conexas legitimación de capitales y financiamientos al terrorismo*).The modifications to the law further expanded the circle of those individuals or entities that are subject to money laundering compliance.

Costa Rica is not on the Financial Action Task Force (FATF) list of countries that have been identified as having strategic anti-money laundering (AML) deficiencies. The last Mutual Evaluation Report follow-up relating to the implementation of anti-money laundering and counter-terrorist financing standards in Costa Rica was undertaken in 2018. According to that Evaluation, Costa Rica was deemed Compliant for 17 and Largely Compliant for 18 of the FATF 40 Recommendations. It was deemed Highly Effective for 0 and Substantially Effective for 1 of the Effectiveness & Technical Compliance ratings.

E.4.2. For the use of proceeds

Provide appropriate and sufficient information including on control measures that assures that the proceeds will be used in a manner compliant with the Interim Policy on Prohibited Practices, such as: undisclosed Prohibited Practices, including money laundering and the financing of terrorism; improper subsequent use of GCF proceeds in the Prohibited Practices; and double payment or financing for the same results achieved, etc.

As per article 9.03 par. (a), of the Accreditation Master Agreement between UNDP and GCF, UNDP will apply its own fiduciary principles and standards relating to any 'know your customer' checks, anti-corruption, AML/CFT, fraud, financial sanctions and embargoes in order to comply with the Policy on Prohibited Practices.

E.5. Indigenous peoples

Provide adequate and sufficient information on how the activities to be implemented with the use of proceeds, will meet the requirements of the GCF environmental and social safeguards standards and policies relevant to indigenous peoples and guided by the prevailing relevant national laws and/or obligations of the countries directly applicable to the activities under relevant international treaties and agreements.

The application of UNDP's Social and Environmental Standards in the context of the ESMF (see Annex VI (b)) ensures that the project will protect and foster full respect for the rights of indigenous peoples under international and national law. These standards are also consistent with the GCF environmental and social safeguards standards and policies relevant to indigenous peoples.

Following provisions of the international law, Costa Rica is committed to delivering FPIC, demonstrated by the regulation of the general mechanism for indigenous peoples consultation (Executive decree 40932 MP-MJP April 2018), which regulates the obligation to consult indigenous peoples in a free, prior, and informed manner, through adequate procedures and representative institutions, in the cases where there will be administrative measures, new legislation or private projects that may affect them. The general consultation mechanism for indigenous peoples (of compulsory application for central public administration) establishes a series of general procedures for consultation, defines who the responsible parties in the process are, amongst other. In accordance with this national regulation, Costa Rica carried out a consultation process for the National REDD+ Strategy with IPs in the country the results were included in the implementation plan (See Section 3 in the National REDD+ Strategy).

The results of the consultation process include provisions to improve the forestry law and to facilitate participation of IPs in the PES programme. Also, it adds provisions regarding the application in IPs territories to benefit from the PES scheme, in a better way. These provisions include the need to submit minutes and the internal agreement of each community to access the PES Scheme, with participants list, and details on how the proceeds will be used, in addition the contract must be signed by the president of each community acting as the local government. Moreover, provisions allow for 2% of the area in the project to be used for subsistence agriculture; hence one of the outputs supported by the current project.

For the implementation of PES modalities supported by the project, FONAFIFO's Board will serve as the information disclosure platform given that most of the key stakeholders are members. Given that IPs are not represented in FONAFIFO's board, to ensure they are included, a specific commission will be created under the REDD+ Secretariat to ensure that information is disclosed to the indigenous people's assembly (third level) or via direct contact with the ADIs in each territory.

In addition, under the scope of REDD+ Actions, there have been multiple spaces that the project will aim to guarantee for the indigenous sector to voluntarily participate in the definition of all necessary aspects to comply with International & national safeguards provisions as well as with international agreements ratified by the country.

The proposed specific targeted assessments and management plans will particularly guide the above efforts and ensure that sufficient indicators of progress related to indigenous peoples are incorporated into the monitoring systems and SIS.

E.6. Monitoring and evaluation

Provide information on the monitoring arrangements that will take place for providing annual monitoring reports based on the information provided for the use of proceeds in sections C.2.3 and C.2.4.

Project-level monitoring and evaluation will be undertaken in compliance with the UNDP POPP and the UNDP Evaluation Policy and UNDP's PBP modality provisions. The M&E Plan will be conducted in accordance with UNDP and GCF procedures by the project team and the UNDP Country Office (UNDP CO), in addition to the work carried out by the Independent Assessor for Output 2 activities. The UNDP project document and in particular the performance-based payments agreement (i.e. for output 2) annexed to it will include performance indicators and related means of verification.

The following sections outline the principal components of this plan. The project's M&E plan will be presented and finalized at the project's Inception Meeting following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Project start

A Project Inception Workshop will be held within 3 months of UNDP Project Document signaturet , involving those with assigned roles in the project organization structure, the UNDP Country Office and, where

appropriate/feasible, UNDP regional technical policy and technical advisors as well as other stakeholders. The Inception Workshop is crucial to building ownership of the project results and to plan the first-year annual work plan. The Inception Workshop will address a number of key issues including:

- To assist all partners to fully understand and take ownership of the project.
- To detail the roles, support services and complementary responsibilities of UNDP Country Office (CO) and Regional staff vis à vis the project team.
- Discussion on the roles, functions and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms.
- Based on the project results framework, finalization of the first annual work plan. Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.
- Provision of a detailed overview of reporting, monitoring and evaluation (M&E) requirements. The M&E work plan and budget will be agreed and scheduled.
- Discussion of financial reporting procedures and obligations, and arrangements for annual audit.
- Planning and scheduling of project Board meetings. Roles and responsibilities of all project organization structures will be clarified, and meetings planned.
- An Inception Workshop Report will be a key reference document and will be prepared and shared with participants to formalize various agreements and plans decided during the meeting.

Simplified Annual Performance Report
This key report is prepared by the Project Technical Advisors, consolidated by the Project Manager to monitor progress made since project start and, in particular, for the previous reporting period. The format and content of the annual report will be adjusted based on the simplified reporting regime established for RBPs by the GCF.

UNDP will contribute to further strengthen the capacity of the government of Costa Rica in that respect, which already uses GIS and remote sensing technologies to, partly or fully:
➔ Collect, transfer, consolidate, backup and analyze data to facilitate the tracking of progress `and impacts of projects (non-spatial and as far as possible spatial data);
➔ Transparently track and demonstrate progress against beneficiary performance milestones;
➔ Enable data sharing between stakeholders (e.g. for data collection and verification)
➔ Monitor compliance towards land-use commitments made by stakeholders, collectively or individually (private sector, political & administrative authorities, local communities);

An Independent Assessor will assess the validity of the result achieved (mandatory as part of UNDP's the performance-based payments modality). UNDP's performance-based payments agreement modality mentions indeed that "UNDP will monitor the progress made in achieving the Result(s) by the RP, to assess the consistency or discrepancy between planned and actual results and implementation performance as part of its quality assurance role. This may include, but is not limited to: 1) tracking performance through the collection of appropriate and credible data and other evidence; 2) analyzing evidence to inform management decision-making, improve effectiveness and efficiency, and adjust programming as necessary; and 3) reporting on performance and lessons to facilitate learning and support accountability. Such monitoring may require site visits to the RP. The frequency of monitoring shall be appropriate to decision-making and shall also be aligned with the schedule of Project Board meetings". Litigation by the IP over the report produced by the Independent Assessor on the verification of the results reported, therefore triggering the mitigation mechanism and potentially escalating to the arbitration mechanism, may also require additional investigation and field visits from UNDP.

The UNDP CO will support the Project Manager as needed, including through annual supervision missions. The UNDP CO is responsible for complying with UNDP project-level M&E requirements as outlined in the UNDP POPP. Additional M&E and implementation quality assurance and troubleshooting support will be provided by the UNDP Regional Technical Advisor as needed. This will include support to ensure GCF Volume of ERs and the REDD+ RBP paid by the GCF for those ERs are recorded in the Info Hub and host country registry, audit of the Host Country's national registry to asses if (A)GCF Volume of ERs and the REDD+ RBP paid by the GCF for those ERs remain properly recorded (B) the GCF Volume of ERs are no longer eligible for RBPs under the GCF or in any other arrangement, and (C) the Host Country will retire the GCF Volume of ERs and will not transfer or otherwise use them (e.g. offsetting).

The project target groups and stakeholders, including the National Designed Authority, will be involved as much as possible in project-level M&E. The UNDP CO will retain all M&E records for this project for up to seven years after project financial closure in order to support ex-post evaluations.

Funded Activity Completion Report

A funded activity completion repot will be developed within three (3) months after the completion date.

F. Legal arrangements

E.6.1. Legal title to REDD-plus results

- *Provide an analysis with respect to legal title to REDD-plus results in the country. This should include an analysis of entitlement to claim for the results to be paid for by the GCF.*

According to the terms of reference of the REDD+ RBP pilot programme, there is no transfer of ownership to the GCF of the emission reductions paid for by the Fund. Payments will be recorded in the UNFCCC web portal (Lima Information Hub) and Costa Rica's website, and corresponding results will no longer be eligible for RBPs under the GCF or in any other arrangement.

Costa Rica can consider, at its own discretion, to use the emission reductions towards the achievement of its NDCs but can already assure that these emission reductions will not be transferred and/or used for any other purposes (e.g. offsetting).

There is currently not one internationally accepted legal definition of carbon rights or results-based payments. **REDD+ is based on a reference level-and-crediting approach, where payments are issued for reductions of GHG emissions or enhancement of forest carbon stocks against a historical or projected reference level.** REDD+ results are the outcome of an intervention, which could either be (i) an activity or (ii) the conscious act of refraining from an activity (i.e. it cannot be the result of a purely natural phenomenon) – either as a result of forest management, governmental laws and regulations or undertaken based on agreements, contracts, licenses, etc. In Costa Rica, the reduction of deforestation and the enhancement of the forest cover since the 1980s is explained by a combination of the command and control measures (enacted by the Forest Law No. 7575 of 1996, as well as the National Strategy for Fire Management Executive Decree 26399/ 1997 later on replaced by Decree 37480/ 2013) and the positive effects of incentive programs including the payments for environmental services (PES) scheme.

The right to receive results-based payments derives, in this case, from the Constitution, the General Environmental Law N. 7554/ 1995 and the Forest Law N. 7575/ 1996 which attributes to the Government of Costa Rica the mandate to manage its forests. The General Environmental Law article 48 establishes the "*obligation of the State to conserve, protect and manage forest resources*". The Forest Law article 1 establishes as the essential and priority function of the Costa Rican State to "*ensure the conservation, protection and administration of natural forests and the production, exploitation, industrialization and promotion of forest resources*". In the case of Costa Rica, these functions are under the mandate of the Ministry of the Environment and Energy.

The Government of Costa Rica, through the General Law N. 7152/ 1990, article 2, lists among the functions of the Ministry of the Environment and Energy the responsibility to "*promote and manage the legislation on conservation and the rational use of natural resources, with the objective to promote sustainable development, and ensure compliance with the law*". This mandate is confirmed by Executive Decree N. 35699/ 2009, article 2, which attributes to the Ministry of the Environment and Energy, the responsibility "*for issuing environmental policies in [….] environmental protection, sustainable management and use of natural resources, […] to achieve compliance with the objectives and goals proposed in the ministerial programs and the National Development Plan.*"

The Ministry of the Environment and Energy mandate encompasses forest areas in both public and private properties. Article 19 of the Forest Law regulates forest covered areas in private properties, which "*will not be allowed to change the use of the land, nor to establish forest plantations*" unless authorized by the government. Costa Rican courts have reaffirmed this provision of the Forestry Law, indicating that "*the activities permitted in forests, public or private, must not imply an affectation that causes the loss or decrease of these ecosystems*" (Tribunal de Casación Penal, sentencia 964-2007, de 10 horas del 30 de agosto del 2007) and "*it has derived from the existing provisions the principle of forest irreducibility and ordered the restitution of the affected forest area to the state prior to the events, to guarantee the constitutional right to a healthy and balanced environment*". (Tribunal de Casación Penal, sentencias números 366-2003, 396-2003 y 450-2003).

The government of Costa Rica therefore, through the Ministry of the Environment and Energy, has the legal authority to receive the RBP from the GCF. No other party has a competing claim to all the REDD+ results offered by the Government of Costa Rica to the GCF for payments.

REDD+ results-based payments as rewarded by the GCF reflect the agreement reached between the Parties to the UNFCCC in the context of the Warsaw Framework for REDD+ which foresees the provision of results-based climate finance payments in return for measured GHG reductions and removals. No other entity in Costa Rica is

part of that agreement or has a claim to the GHG reductions and removals pledged to the GCF. This is different from credits of the voluntary carbon market over which the Government of Costa Rica has no jurisdiction, and which create and certify units that are defined under private standards. This is also different from credits generated under national law in the context of incentive mechanisms, whether they are market based or not. Finally, GHG reductions and removals as defined by the GCF do not interfere with other national or subnational programs; payments received from the GCF are purely to reward efforts and successes in curbing deforestation by the Government of Costa Rica. Such efforts and successes and results-based payments under the Warsaw Framework for REDD+ do not meet the criteria of marketable carbon credits.

G. Accredited entity fee and project management costs

Provide a list of the activities that are expected to be conducted using the AE fees and project management cost with corresponding costs as follows:

Accredited entity fee:

Accredited Entity Fee Request Budget					
Accredited entity: UNDP	**GCF Total Financing: 54,119,143**		**Total Proj. Financing (incl. GCF):**	***54,119,143***	
Project: REDD+ Results Based Payments for 2014-2016	GCF grant : **54,119,143**		Total grant:	**54,119,143**	
Country: Costa Rica					
Duration (years): 5 years					
	Y1	Y2	Y3	Y4	Y5
1. Project/Program Implementation and Supervision					
1.1 Use of Proceeds Reporting and Oversight	**4,315**	**12,043**	**14,437**	**14,999**	**4,939**
Overseeing the preparation of the required reports for submission to the GCF Secretariat	4,315	12,043	14,437	14,999	4,939
1.2 Environmental and social management risk and impact oversight**	**188,711**	**314,044**	**321,366**	**315,473**	**292,918**
Provide review and oversight to project implementation teams to ensure project quality and compliance with UNDP's SES and associated procedures and frameworks (SESP ESIA ESMP management plans M&E).	84,176	84,176	84,176	84,176	84,176

Provide review and oversight in addressing critical safeguard-related implementation issues including e.g. related to grievances and/or non-compliance with UNDP's SES.	5,835	131,168	138,490	132,597	110,042
Provide review and oversight to maintenance of administrative and environmental records especially procedures related to stakeholder engagement FPIC and a log of complaints together with records of any measures taken to mitigate the cause of the complaints.	98,700	98,700	98,700	98,700	98,700
2. Project/Program Completion and Evaluation					
2.1 Program closure	**0**	**0**	**0**	**0**	**42,675**
Preparing project closing documents for submission to GCF Secretariat					33,650
Preparing the financial closure of the project for submission to GCF Secretariat					9,025
Other (please specify):					
3 Reporting as required under AMA & FAA					
3.1 Reporting requirements as agreed in the AMA and FAAs	**54,450**	**54,450**	**54,450**	**54,450**	**54,450**
3.2 Oversight of the ownership and legal title to the ERs and actions to avoid double payment ***	**32,000**	**16,000**	**16,000**	**16,000**	**16,000**
Ensure GCF Volume of ERs and the REDD+ RBP paid by the GCF for those ERs are recorded in the Info Hub and host country registry	16,000				

Audit of the Host Country's national registry to asses if (A)GCF Volume of ERs and the REDD+ RBP paid by the GCF for those ERs remain properly recorded (B) the GCF Volume of ERs are no longer eligible for RBPs under the GCF or in any other arrangement and (C) the Host Country will retire the GCF Volume of ERs and will not transfer or otherwise use them (e.g. offsetting);	16,000	16,000	16,000	16,000	16,000
Total	**279,476**	**396,537**	**406,253**	**400,922**	**410,982**
GRAND TOTAL					**1,894,170**
Fee Percentage					3.50%

The agreed fee will be disbursed to the Accredited Entity in addition to the REDD+ RBP.

Project management costs:

List of activities	Costs (USD or EUR)	Explanation/justification
Project Coordinator	360000	Full cost including salary and benefits
Administrative Assistant	240000	Full cost including salary and benefits
Communication Specialist	270000	Full cost including salary and benefits
Communication Assistant	120000	Full cost including salary and benefits
Driver	120000	Full cost including salary and benefits
Transportation	100000	Vehicle and fuel for 5 years
Office rental, security on premises, and supplies	300000	Full cost, all inclusive
Administrative Direct Project Costs	529,508	Personnel management services, finance procurement, travel management and IT
Total Project Management Costs	2,039,508	

H. Annexes

Following naming conventions used in all UNDP funding proposals to the GCF the following annexes are provided:

1. Non-Objection Letter - Annex I
2. Term Sheet – Annex V
3. Accredited Entity Fee budget request
4. Social and Environmental Screening Procedure (SESP) – Annex VI (a)
5. Environmental and Social Management Framework and Annexes (ESMF) – Annex VI (b)
6. Environmental and Social Disclosure Form – Annex VI (c)
7. Timetable of project/programme implementation - Annex X
8. Economic Analysis – Annex XIIb
9. Additional background details - Gender assessment and action plan - Annex XIII (c)
10. Additional background details - Stakeholder consultation - Annex XIII (d-1)
11. Additional background details - Stakeholder consultation (Reports) - Annex XIII (d-1)
12. Additional background details - Stakeholder engagement plan - Annex XIII (d-2)
13. PCAT – Annex XIII (f-1)
14. HACT Assessment – Annex XIII (f-2)
15. Additional Background details- Environmental and Social Assessment and Annexes – Annex XIII(h)
16. Additional Background details - Indigenous People's plan - Annex XIII (i)
17. Additional Background details – Summary of the PES programme operations manual - Annex XIII (j)
18. Additional Background details –Information on Carbon Elements - Annex XIII (k)
19. Additional Background details – Legal Title -Annex XIII(L)
20. Additional background details – Letter Request for Technical Support (English and Spanish)
21. UNDP Letter of confirmation – Annex XV
22. Regulations, Taxation and Insurance.