

Emission Reductions Program

FCPF Carbon Fund

Costa Rica

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Executive Summary

Presentation

Costa Rica has been a strong proponent of green, sustainable development, particularly in regards to the protection of natural resources, forests and their environmental services. Costa Rica has constitutionally provided for the fundamental right of all citizens to 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. Accordingly, Costa Rica has also performed a proactive role in promoting global action for the sustainable management of forests and was a leader in moving forward the REDD+ agenda at the UNFCCC. **Costa Rica has been able to maintain a large proportion of its primary forests while reducing deforestation and promoting the regeneration of new forests.** Much of this happened prior to the Conference of the Parties (COP) in Bali and Cancun, which reflect an early performance of the country in implementing REDD+ and proper recognition from the international community of these early efforts is seen as a fair way to promote positive incentives and not to continue punishing countries that have demonstrated performance in addressing deforestation and enhancing forest regeneration.

It is with this spirit that Costa Rica presented its Emissions Reduction Program (ER-Program) to the FCPC Carbon Fund, as an opportunity to contribute to national efforts to advance towards a low carbon economy in a resilient environment. A goal of the ER-Program is to increase participation of all stakeholders, both public and private, including indigenous territories and to generate new alternatives to enable the participation of people with unclear land-tenure rights. Stakeholders may implement REDD+ activities across the country, with the purpose of achieving the highest possible emissions reduction offer at the national level.

There is clear political will to reduce emissions, conserve forest carbon stocks, and increase the ambition of mitigation actions, while actively seeking to eradicate poverty. An objective of the ER-Program is to contribute to both, as well as to promote entrepreneurship among micro, small and medium forestry producers and land-owners. But in order to continue our efforts and amplify investments mechanisms, we require predictable sources of funding and mechanisms that also recognize the specific national circumstances, in particular the additional social and environmental benefits the country has been producing and its contribution to the global environmental goals.

Implementation arrangements and political guidance

The ER-P in Costa Rica will be under the responsibility and overall political guidance of the Ministry of Environment and Energy (MINAE), which is the governmental entity responsible of designing and overseeing policy design on forests, protected areas and biodiversity. MINAE will rely on the State Forestry Administration – that comprises both the National System for Conservation Areas (SINAC) and the National Forestry Financing Fund (FONAFIFO) in terms of the overall operational planning, implementation and monitoring of the activities deriving from the ER-P in a manner that is consistent with current public policy planning processes. The National Center for Geo-Environmental Information (CENIGA) as well as the National Meteorological Institute (IMN) will

provide technical support and ensure consistency with relevant public information guidelines as well as with international guidance on methodological issues. The legal authority of the Minister of MINAE allows to provide specific guidance to any entity of the Ministry to cooperate in the Program implementation through executive guidance and no additional legal provision will be required in most cases, since most of the proposed activities are currently regulated under the mandate of the Ministry.

Rationale and ambition

The FCPF endorsed the R-Package presented by Costa Rica during its PA8/PC20 in November 4-8, 2015. On this basis, Costa Rica submitted an ER-PD to the FCPF-CF in December 2015. An updated version was presented in April 2016, to address comments and suggestions both from the TAP and the CF Participants.

Costa Rica has a total area of 5.1 million hectares. Near 2.2 million hectares (ha) are primary forests (44% of the national territory), but including secondary forests and other *Forest land*, Costa Rica had a total 3,134,026 ha of forests in 2013 (61% of the territory¹). Even if Costa Rica has had low deforestation rates during the last two decades, it has been able to maintain a sustained increase in forests regeneration and still has great potential to increase forest carbon sinks working in a landscape approach and involving promoting forest-friendly activities in other land-use activities. The ER-P implementation period will be 2012-2025.

Deforestation, forest regeneration trends and drivers

Forest cover in Costa Rica during the 1987-2013 period, shows a clear recovery trend. Between 1997 and 2008, Costa Rica started gaining more forests than it lost. During this period, net deforestation gradually became negative due to a decrease in gross deforestation, and to the conversion of grass lands to secondary forests by natural generation. It is estimated that annual gross deforestation fell from 55.000 ha/yr in 1986, to 30 000 ha/yr in 2013, *i.e.* a 40% reduction in annual forest loss. Conversely, forest regeneration presents a recovery trend, especially after the year 2000. Land-tenure regimes has a significant impact on gross deforestation rates. Deforestation outside protected areas could be up 40% higher. Forest regeneration is also more likely within protected areas while deforestation is higher in private lands, and much lesser in protected areas such as national parks and biological reserves. Therefore, lands with fewer restrictions by law are more prone to land use change. Private landowners often generate higher incomes with agriculture production or cattle grazing than with forests activities. It is likely that in a growing economy, more pressure will be put on forests. Other likely causes of deforestation in private lands could be access to timber resources, that is, failure in enforcing the law, combined with existing timber harvesting regulations may result in barriers to obtain fair income from *Forest lands*.

¹ Includes tree plantations, mangroves, palm forests, as well as primary and secondary forests.

Forest age is also an important factor driving gross deforestation in all land tenure regimes. The highest deforestation rates are found in younger forests (<10 years). Conversely, lower deforestation rates are found in older forests. This suggests that people prefer to conserve older forests and that deforestation agents are influenced by legal and economic incentives to clear younger forests.

Expected emission reductions

Costa Rica's goal is to reduce emissions in different ways and to enable the implementation of multiple activities with different stakeholders. As a whole, these activities are expected to have a global impact on total net emissions at the national level, reflected in terms a decrease in t CO₂-e yr⁻¹, according to the national GHG inventory and measured against a reference level.

Land use change and drivers

Generalities: for 1986-2013, changes in primary forests were small. Due to a fall in gross deforestation, and an increase in forest area by natural regeneration, a net gain in forest cover was observed.

Direct factors driving deforestation and forest regeneration: 70% of the observed deforestation is to convert forest to grasslands, a little over 20% are converted to croplands, and almost 10% to tree plantations. Land converted to *Forest land* was previously grassland (65%), cropland (20%) and tree plantations (20%).

Land tenure regimes: higher deforestation was observed in private lands. Higher forest regeneration rates were found in State-owned National Parks. There seems to be a gradient of deforestation by land tenure regime (deforestation of 1.4% was observed in Private Lands, 0.9% in mixed-tenure Wilderness Areas, 0.3% in indigenous territories and 0.1% in Protected Areas).

Forest age: forest age is an important factor driving deforestation in all land tenure regimes; the deforestation rate in forests <15 years was 4.5%, 2.0% in 15-25-year forests and <1.0% in forests >25 years.

Gross Deforestation concentration: higher concentration of deforestation was found in the North Pacific coast and foothills (34% of total deforestation in 1987-2001 and 19% in 2001-2013), the North Caribbean plateau and coast (28% and 31% of total deforestation for 1987-2001 and 2001-2013, respectively), and the South Range (with 6% and 14%, respectively). For forest regeneration, these are the most important regions too.

Total emission reductions expected under the ER-Program are 24,536,680 t CO₂e. Ex-ante emission reductions are projected for 2014-2025, based on the actual measurements for 2012-2013. For project emission reductions for 2014-2015, it was assumed that annual net emissions throughout this period equaled the average of net emissions for 2012-2013 (1,752,620 t CO₂e yr⁻¹). If uncertainty of measured emission reductions varies between 17,5% and 26,1%, depending on the year, considering the CF-MF, a 4% discount was applied. Considering that title transfer may only be possible for 32% of total emission reductions, only if current restrictive legal interpretation prevails, a total of 7,537,668 t CO₂e transferrable emissions would be generated in 2012-2025; but if a more flexible framework is applied, then the country could have legal rights to transfer the above-mentioned total the emission reductions. In terms of risks of reversals, it was assumed to be 20%. Costa Rica proposes that emission reductions from the period 2012-2016 are accepted for the buffer for managing reversal risk. Hence, no additional deductions apply to the total of transferrable emissions in 2012-2025.

Program Budget

The ER-Program budget is set in an amount of US \$63 million as originally estimated in the R-PIN. The final amount remains to be negotiated since the end date was extended to 2025 instead of the 2020 previous date. Costa Rica expects to receive 50% as upfront resources at the signing of the ERPA and results based payments from 2017 on. Other conditions and features are expected to be negotiated as part of the commercial terms of the ERPA.

Strategic framework, policies and actions

The ER-PD has been designed in a way that supports and enhance Costa Rica's successful policies implemented during the last 20 years that have resulted in low deforestation and forest degradation rates (widening the PA's system, enforcing the ban on forest land use change, strengthening the Payment for Ecosystems Services Program and the strategies against forest fires and illegal forestry-related activities). The Program will be implemented country-wide, include all REDD+ activities and is expected to become a key instrument to continue the political efforts towards carbon-neutrality and enhanced resiliency of natural resources and communities to climate change, as well as to contribute to the accomplishment of the goals included in the INDC presented to the UNFCCC. The Forest National Development Plan and the National Climate Change Strategy are the overarching strategic planning frameworks for the ER-PD.

Additionally, this ER-P addresses key governance issues, *e.g.* help in solving land-tenure conflicts, and the development of new financing options for areas under special land-tenure regimes. Other new features of the Program include new financing opportunities identified by stakeholders during SESA, as well as during the information and pre-consultation process of the National REDD+ Strategy, such as: more flexible PES modalities for indigenous territories, and small forestry and agroforestry producers.

The ER-Program based defines six policies to: a) reduce emissions, b) increase absorptions, and c) develop the capacity to improve environmental and social sustainability and the integrity of these emission reductions (See Table 1 below). Each REDD+ activity is supported by policies and measures that are additional and/or build upon existing relevant laws and policy frameworks, which have not been fully implemented due to insufficient human, technical and financial resources. It is worthwhile to mention that the policies, actions and measures proposed are closely linked to the social, environmental and political risks and opportunities identified by stakeholders during the SESA and further consultation processes.

Table 1: Policies and actions included in the ER-P and the National REDD+ Strategy

Policies	Actions
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Policies	Actions
2POLICY 1. Guarantee the integrity of the State Natural Heritage and private forests, as well as the Measurement, Report And Verification capacities, according to REDD+'s requirements	<p>ACTION 1.1: Strengthen the operation and financing of SINAC's Forest Fires Management Strategy inside and outside Protected Conservation Areas</p> <p>ACTION 1.2: Strengthen the operation and financing of SINAC's Illegal Logging Control Strategy</p> <p>ACTION 1.3: Strengthen Costa Rica's system for monitoring land use/cover dynamics</p> <p>ACTION 1.4: Develop a strategy to integrate public lands to the State Natural Heritage</p> <p>ACTION 1.5: Contribute to the consolidation of SINAC's Protected Areas System</p> <p>ACTION 1.6: Device synergies between conservation and resilience of the State's Natural Heritage</p> <p>ACTION 1.7: Execute action plans to address direct and underlying causes of deforestation and forest degradation</p>
POLICY 2: Promote the comprehensive and harmonious participation of stakeholders in REDD+, including lands under special land-tenure regimes	<p>ACTION 2.1: Prepare a Forestry Development Plan with Indigenous Territories</p> <p>ACTION 2.2: Implement mechanisms for solving conflicts in regards to REDD+</p> <p>ACTION 2.3: Develop mechanisms to promote the participation of agroforestry producers and farmers in REDD+</p>
POLICY 3: Improve capacities in the public and private sectors to manage and promote silvicultural practices in forests, and tree plantations, in order to increase their competitiveness	<p>ACTION 3.1: Contribute to the implementation of forest policies in the National Forestry Development Plan related to improving management capacities in support of REDD+ implementation</p> <p>ACTION 3.2: Strengthen policies to promote and recognize sustainable agricultural and agroforestry practices</p>
POLICY 4: Promote legal security by supporting clarification and regularization procedures of land tenure and emission reduction rights, with an emphasis on indigenous territories, public lands, and areas under special land-tenure regimes	<p>ACTION 4.1: Address land-tenure and emission reductions rights in indigenous territories</p> <p>ACTION 4.2: Address land-tenure and emission reductions rights in areas under special land-tenure regimes</p> <p>ACTION 4.3: Address land-tenure and emission reductions rights in public lands</p> <p>ACTION 4.4: Promote consistency in the delimitations rules for areas under special land-tenure regimes</p>
POLICY 5: Increase opportunities for all stakeholders to receive benefits from REDD+ activities, as well as those addressing deforestation and forest degradation	<p>ACTION 5.1: Plan land use as a function of the potential contribution of areas to REDD+ objectives</p> <p>ACTION 5.2: Improve competitiveness of forestry and agroforestry financing mechanisms, also in relation to other land uses</p> <p>ACTION 5.3: Broaden financing sources and consolidate a benefit sharing mechanism, which is consistent with the goals of the National REDD+ Strategy.</p> <p>ACTION 5.4: Promote tree planting in urban public zones</p>

Policies	Actions
POLICY 6: Guarantee the operation of participation, follow-up and accountability mechanisms, consistent with technical, methodological and political provisions applicable to REDD+	<p>ACTION 6.1: Design, test and implement a Safeguards Information System (SIS)</p> <p>ACTION 6.2: Implementation and follow-up of the Social and Environmental Management Framework (ESMF)</p> <p>ACTION 6.3: Achieve a sound Measurement, Reporting and Verification (MRV); consider other methodological issues</p> <p>ACTION 6.4: Consider gender, youth and the participation of other relevant groups</p>

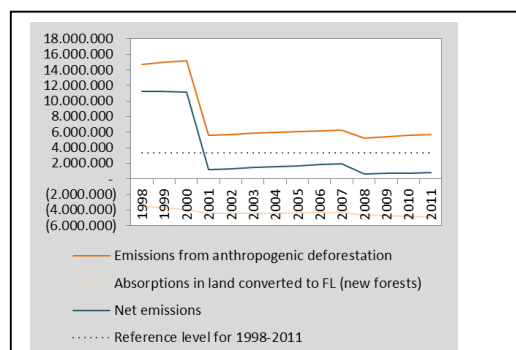
Reference Emission Level

The selected *historical reference period* is **1998-2011**. The estimation of the RL includes emissions from deforestation, and the selected sink is Enhancement of forest C stocks. The selected carbon pools are: Above-ground biomass (AGB), Below-ground biomass (BGB), Litter, and Deadwood. In the same way, the selected GHG are CO₂, and CH₄ and N₂O.

End year (2011): according to Costa Rica's R-PP and ER-PIN³, the country's National REDD+ Strategy began implementation in 2010. However, given that for 2009 Costa Rica does not have a map⁴, the TAP recommended that Costa Rica selected the year 2011 instead to comply with the CF-MF. Costa Rica followed the TAP's recommendation.

Base year (1998): 1997 is the year when the current Forestry Law was passed and operationalized, including key forest policy, instruments and mechanisms (e.g. PES). 1998 is the closest date to 1997 for which Costa Rica has a map. Selecting 1998 as the base year of the historical reference 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/FRL to be submitted to the UNFCCC.

Costa Rica's proposed FREL *equals* the average annual historical emissions over the reference period **1998-2011**; therefore, the FREL fully complies with the first part of indicator 13.2 which states: *"The Reference Level does not exceed the average annual historical emissions over the Reference Period, unless the ER Program meets the*



³ Approved by the Carbon Fund in its resolution CFM/5/2012/1, which 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.

⁴ 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.

eligibility requirements in Indicator 13.2.” The FREL estimated as an average of emissions for **1998-2011 period** is **3,385,759, t CO₂e yr⁻¹** and it will be applicable for **2012-2025** period (see figure in the right).

Implementation and Monitoring Arrangements

Costa Rica already conducted a monitoring event and estimated emission reductions as part of the ER-Program. The methods and data employed are identical to those used for the construction of the reference level. The country will implement these same procedures for future monitoring events.

Table 2. General description of the ER-P monitoring system

Parameter:	DAAAAA-AA
Description:	Activity data (DAAAAA-AA) of each category represented in the land use change matrixes “MC AAAA-AA” of the FREL TOOL CR.xlsx .
Data unit:	Hectares
Source of data or measurement/calculation methods and procedures to be applied, including the spatial level of the data (local, regional, national, international)	<ul style="list-style-type: none"> - Land-cover maps to be created on a biennial basis for all of the accounting area - Land Use Change Matrixes (“MC AAAA-AA”) that must be completed every 2 years in the
Frequency of monitoring/recording:	Every two years
Monitoring equipment:	Outsourced
Quality Assurance/Quality Control procedures to be applied:	According to the protocol described in Agresta <i>et al.</i> (2015.a) ⁵ .
Identification of sources of uncertainty for	Evaluations on the accuracy of the land-cover maps will be performed, as was done for the most recent maps of the historical series. The activity data are the largest source of uncertainty in the
Process for managing and reducing uncertainty associated with this parameter	In preparation.

The [FREL TOOL CR.xlsx](#) contains a list of values and parameters (including their source and associated level of uncertainty) that were used to calculate the reference level. These values will not change during the term of the ERPA since any change to any of them would imply changing the reference level. If a change to the values of any of the parameters and variables that are not future activity data becomes necessary, as part of the continued improvement process, it will be necessary to submit the changed reference level to the Carbon Fund for consideration.

FONAFIFO will outsource all work related to conducting future monitoring events, until a new monitoring system is design. In this sense, FONAFIFO will be the coordinating agency, but will work

⁵Agresta, Dimap, Universidad de Costa Rica, Universidad Politécnica de Madrid, 2015.a. Final Report: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica’s REDD plus reference level: Methodological Protocol. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Partnership (FCPF). 44 p.

closely with National Center for Geospatial Information (CENIGA). In the meantime Costa Rica has initiated an inter-institutional process to design a new monitoring system that would cover all land uses at the national level. CENIGA was appointed as the leading institution to develop this system, 13 other institutions participate as well. For developing this new system, Costa Rica has received support from the US Forest Service and FAO. A beta version of the system is expected to be ready for June, 2016. Early implementation of the system would be possible in December, 2016.

Safeguards, Social and Environmental Risks Management

Costa Rica has reiterated its full political commitment to address and respect all UNFCCC safeguards during the various stages of implementation of the National REDD+ strategy (design, piloting and full implementation). The attention to safeguards in Costa Rica, is based on the full implementation of relevant regulations, ranging from general instruments such as the Safeguards agreed under the UNFCCC, the applicable World Bank Operational Policies, the National Legal framework and its subsequent institutional framework. The country has decided that the Safeguards Information System (SIS) will be part of the National Environmental Information System, as it is an official system, and will be open, accessible, transparent and robust.

Costa Rica has also prepared the “Environmental and Social Management Framework” (ESFM) that provides a detailed description of the relevant social and environmental operational policies as well as an analysis of the actions deriving from the ERP that have the potential to impact those operational policies or the UNFCCC safeguards. The ESFM also includes a description of the procedures to be followed up for purposes of monitoring the enforcement of both safeguard frameworks, the existing national legal provisions as well as a set of guidelines, rules and principles to be followed if there are legislation gaps, which is consistent with the World Bank requirements.

Benefit sharing and non-carbon benefits

Costa Rica is currently preparing the political and conceptual framework, as well as the legal elements required to guarantee an appropriate development and functioning of a Benefit Sharing Mechanism that complies with the principles of equity, justice and participation of the relevant stakeholders. The Mechanism will include potential investments in policies, actions and activities of the REDD+ National Strategy, including those of the Emission Reduction Program. The country has defined that it should be addressed to public and private owners, including indigenous peoples as communal owners, with special attention but not exclusively to people with property or possession rights that can be verified and developing actions directly linked to generate emission reductions.

The Mechanism would fund actions that directly or indirectly support national efforts on reducing emissions and carbon sinks enhancement, however Costa Rica has not defined yet the monitoring, type, scale, criteria, processes, terms and mechanisms for the distribution of benefits, although it is expected that a significant amount of the resources will be distributed among private and communal owners, particularly through strengthening the Environmental Services Payment program, in which case the regulations are applied according to the national legal framework, in special the Procedural Manual of the program. In this regard, it is worthwhile to note the difficulty

to define the volume and types of resources allocation through the Benefits distribution mechanism in advance, in a situation like the present, where is unpredictable the volume and conditions of receipt of potential payments for results. Before signing the ERPA, the country will submit to the FCPF Carbon Fund a Benefit Sharing Plan.

Non-carbon benefits have been discussed with all stakeholders involved in the REDD+ process, from the SESA workshop held in May, 2011. These non-carbon benefits are identified from the different strategic options identified for the R-PP, in which the positive impacts of its implementation were highlighted, however, additional work is required to define priorities, assessment and forms of recognition thereof. During the SESA consultations, where representatives of all relevant stakeholders participated, two different templates were used: one focusing on risks and another one dealing with political, social and environmental benefits. All the Strategic Options proposed in the R-PP were subject to a general discussion among participants and a broad range of suggestions were collected and included in the SESA workshop report and proceedings⁶.

Generally speaking, the majority of participants identified environmental benefits related to the potential of the program to enhance capacities to maintain and improve ecosystem services and natural resources; improved resilience of forestry ecosystems against climate change; reducing risks of deforestation by addressing land-tenure rights; increased financial flows for forests and protected areas conservation; improved natural heritage planning; improved capacities to address commitments deriving from international frameworks; widening stakeholders participation in natural resources management; additional sources of employment and income; enhanced forest governance; enhanced law-enforcement capacities; improved capacities to manage forest-fires; etc. Clearly, the consultation process and its methodological organization implied to assess both, potential risks and benefits, including non-carbon benefits. In this regard, the policies, measures and activities included in the ER-P are consistent with the above. The development of a specific monitoring system of non-carbon benefits has not been completed as of this date; however, it must be mentioned that at the moment, the National Fund for Forest Financing will continue applying its management systems of the Payment for Environmental Services program for those purposes.

Emissions reduction titles transfer

In the context of a restrictive interpretation of emissions reduction and its recognition at the national level on the basis of land property rights, emission reduction is mainly performed by the forest owners, either a natural or a legal person, public or private, and this is based on the Costa Rican legislation, the Constitutional principle on private property, further developed in the Forestry Law. Owners could transfer their rights to the Ministry of Environment and Energy through a legal contract or similar instrument. **This initial interpretation is being analyzed in the country in order to allow identifying other ways of applying the concept to allow greater equity and inclusiveness in the claiming and distribution of benefits based on result-based payments. In this regard, the relevant provisions of the UNFCCC on the issue of transfer of titles are been**

⁶ MINAE-FONAFIFO. Memoria del Taller Nacional Evaluación Estratégica Ambiental y Social. San Jose, 4-5 mayo 2011. See Pag. 30.

analyzed in depth, because in principle there does not seem to be an explicit provision in this direction.

Note on the English translation

The official version of Costa Rica's Emission Reduction Program Document is in Spanish, this version is available at www.reddcr.go.cr. The current translation to English may have errors. However, this version is presented to the FMT due to time constraints. Nonetheless, Costa Rica is not responsible for any errors found in this document.

Measurement units

For all numbers, commas “,” represents the decimal point, for example 5,4. A point is used for thousands, as in 5.400,20. Emissions and removals (absorptions) are expressed in tons of carbon dioxide equivalent per year (t CO₂-e yr⁻¹). Removals are expressed as negative numbers. Gigagrams (Gg) are not used. For areas, hectares (ha) are used, unless otherwise specified (e.g. km² may be used in certain sections of the document).

1. Entities responsible for the management and implementation of the proposed ER Program

1.1. ER Program Entity that is expected to sign the Emission Reduction Payment Agreement (ERPA) with the FCPF Carbon Fund

Name of entity	Ministry of the Environment and Energy (MINAE)
Type and description of organization	MINAE is the government entity in charge of the Costa Rican environmental policy per the Organic Law of Environment, and amongst its responsibilities, it must ensure the comprehensive application of the existing forestry legislation, both in public and in private areas. MINAE has its own legal identity.
Main contact person	Dr. Edgar Gutiérrez-Espeleta
Title	Minister of the Environment and Energy
Address	Edificio Vista Palace, Calle 25. Avenida 8 y 10, San José, Costa Rica
Telephone	+(506) 2233-4533
Email	ministrominae@minaet.go.cr
Website	www.minae.go.cr

1.2. Organization(s) responsible for managing the proposed ER Program

Same entity as ER Program Entity identified in 1.1 above?	<p>Yes; because MINAE is the governmental institution that concentrates the environmental competencies, but for the purposes of the program management, it will delegate in the State Forestry Administration, which is part of the National System of Conservation Areas (SINAC), and to the National Fund for Forest Financing (FONAFIFO). A Secretariat for the coordination between both institutions as well as for the coordination and supervision of actions will be established by means of an Executive Decree.</p> <p>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.</p> <p><u>Information of contact person</u> Jorge Mario Rodríguez Executive Director (506) 2545-3501 jrodriguez@fonafifo.go.cr</p>
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	<p>National System of Conservation Areas (SINAC): was created by the Law of Biodiversity, as a decentralized office of the Ministry of the Environment and Energy. It has the responsibility to issue forest policies for the sustainable management of natural resources. The System incorporates to the General Wildlife Office, the State Forestry Administration and the National Parks Service. Jointly, these execute their functions and competencies as a single instance, through the administrative structure of the System, without prejudice of the objectives for which they were established.</p> <p><u>Information of the contact person</u> Julio Jurado Director (506) 2522-6500 julio.jurado@sinac.go.cr</p>
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1.3. Partner agencies and organizations involved in the ER Program

Name of partner	Contact name, telephone and email	Core capacity and role in the ER Program
National Center of Geo-environmental information (CENIGA)	Álvaro Aguilar Director (506)2522-6500 Alvaro.aguilar@recope.go.cr	<ul style="list-style-type: none"> Coordinating agency for the National System of Environmental Indicators (SINIA) Responsible for the design of the National Land Monitoring System, according to Ministerial Guideline DM-417-2015. Responsible for the REDD+ Safeguards Information System, in coordination with other institutions involved, such as FONAFIFO and SINAC.
High-level committee	Dr. Édgar Gutierrez-Espeleta Minister (506) 2233-4533 ministrominae@minaet.go.cr	<ul style="list-style-type: none"> Composed by the directors of the FONAFIFO and the SINAC, plus two high-level representatives from each of both institutions. Its main role is to guarantee the active and responsible participation of both institutions for the due implementation of the program measures and policy actions. Responds to the political direction of the Minister of the Environment and Energy. This committee will be created as part of the decree being drafted to regulate the implementation of the Emissions Reduction Program and the National REDD+ Strategy.

<p>Office of the Minister of the Environment and Energy</p>	<p>Dr. Édgar Gutierrez-Espeleta Minister (506) 2233-4533 ministrominae@min.aet.go.cr</p>	<ul style="list-style-type: none"> • Highest political level of decision making in relation to the Program • Guarantees consistency with the national development goals • It is implemented through guidelines and regulations to define institutional arrangements, as required.
<p>National Meteorological Institute, of the Ministry of the Environment and Energy (IMN)</p>	<p>Juan Carlos Fallas Director (506) 2222-5616 jcfallas@im.ac.cr</p>	<ul style="list-style-type: none"> • Responsible for the Biennial Update Reports, National Communications and National GHG Inventories before the United Nations Framework Convention on Climate Change (UNFCCC). Serves as focal point before the Intergovernmental Panel on Climate Change (IPCC).

2. Strategic context and rationale for the ER-program

2.1. Current status of the Readiness Package and summary of additional achievements of readiness activities in the country

As part of the REDD+ Readiness Package (R-Package), Costa Rica performed its self-assessment considering all relevant stakeholders. The assessment was executed by an external partner to the REDD+ preparation process: the project “Widening Informed Stakeholder Engagement on REDD+” (WISE-REDD+) implemented by Conservation International in Costa Rica. This project organized, promoted and facilitated the country’s self-assessment in July-September, 2015.

In 2015, the R-Package [self-assessment](#) was developed in collaboration with five key sectors identified as relevant stakeholders. This allowed for the identification of legal, institutional and capacity gaps, especially in relation to managing REDD+ priorities, improvement needs, achievements and recommendations during REDD+’s readiness phase. Some of the challenges and weaknesses identified were:

- a) low effectiveness in sharing information with relevant stakeholders
- b) limitations in institutional planning
- c) lack of clarity in the roles of the relevant stakeholders in the REDD+
- d) the formalization of processes by the REDD+ Secretariat to facilitate decision making at the sector level

However, this must be understood in light of the expectations that stakeholders may have, which also have changed with the progress made on international negotiations on REDD+.

During the self-assessment, there was clear evidence of the difference in opinions showed by the indigenous sector and the rest of the stakeholders. This may be attributed to the more intensive REDD+ readiness process conducted with the indigenous peoples. To ensure success in the next stage of the National REDD+ Strategy, the results of the self-assessment suggest that more information need to be provided to non-indigenous stakeholders and to increase, as feasible, the overall participation of all relevant stakeholders.

2.2. Ambition and strategic rationale for the ER Program

Strategic Role of the Emissions Reduction Program

Costa Rica has been a strong proponent of green, sustainable development, particularly in regards 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.

It is with this spirit that Costa Rica presents its Emissions Reduction Program (ER-Program) to the FCPC Carbon Fund, as an additional opportunity to achieve a low carbon economy in a resilient environment. The ER-Program is part of the *Forests and Rural Development Program*⁷ (Figure 2.2.1.). This is an ambitious

⁷ The *Forests and Rural Development Program* is an initiative of current government administration. Its objective is to assist the implementation of key elements of the National Forestry Development Plan. Besides the National REDD+ Strategy, the Forests and Rural Development Program includes the following

platform promoted by the Costa Rica to streamline the implementation of the National Forestry Development Plan. **Moreover, the ER-Program is key to make progress towards Carbon Neutrality and our [Nationally Determined Intended Contribution \(INDC\)](#).**

The ER-Program is focused on increasing the impact of public policies that have proven successful in the last 20 years of implementation of the current Forestry Law. The ER-P heavily relies on the prohibition to convert forests to other land uses, but also seeks to strengthen the Protected Areas System to guarantee the conservation of critical biodiversity and the Payment for Environmental Services (PES) program as a policy instrument to guarantee forest conservation and carbon (C) stock enhancement through reforestation, tree plantations, agroforestry and silvicultural systems.

A goal of the ER-Program is to increase participation of all stakeholders, both public and private, including indigenous territories. Along this line, the ER-Program seeks to generate new alternatives to enable the participation of people with unclear land-tenure rights. Stakeholders may implement REDD+ activities across the country, with the purpose of achieving the highest possible emissions reduction offer at the national level.

There is clear political will to reduce emissions, conserve forest carbon stocks, and increase the ambition of mitigation actions, while actively seeking to eradicate poverty. A goal of the ER-Program is to contribute to both, as well as to promote entrepreneurship among micro, small and medium forestry-related producers and land-owners.

initiatives: 1. Green and inclusive development program in rural productive territories, 2. Economic reactivation for the production, transformation and commercialization of sustainable forestry products and generation of income for the rural sector, 3. Policy for the Protected Wildlife Areas of the National System of Conservation Areas and 4.Strengthening of the State's Natural Heritage.

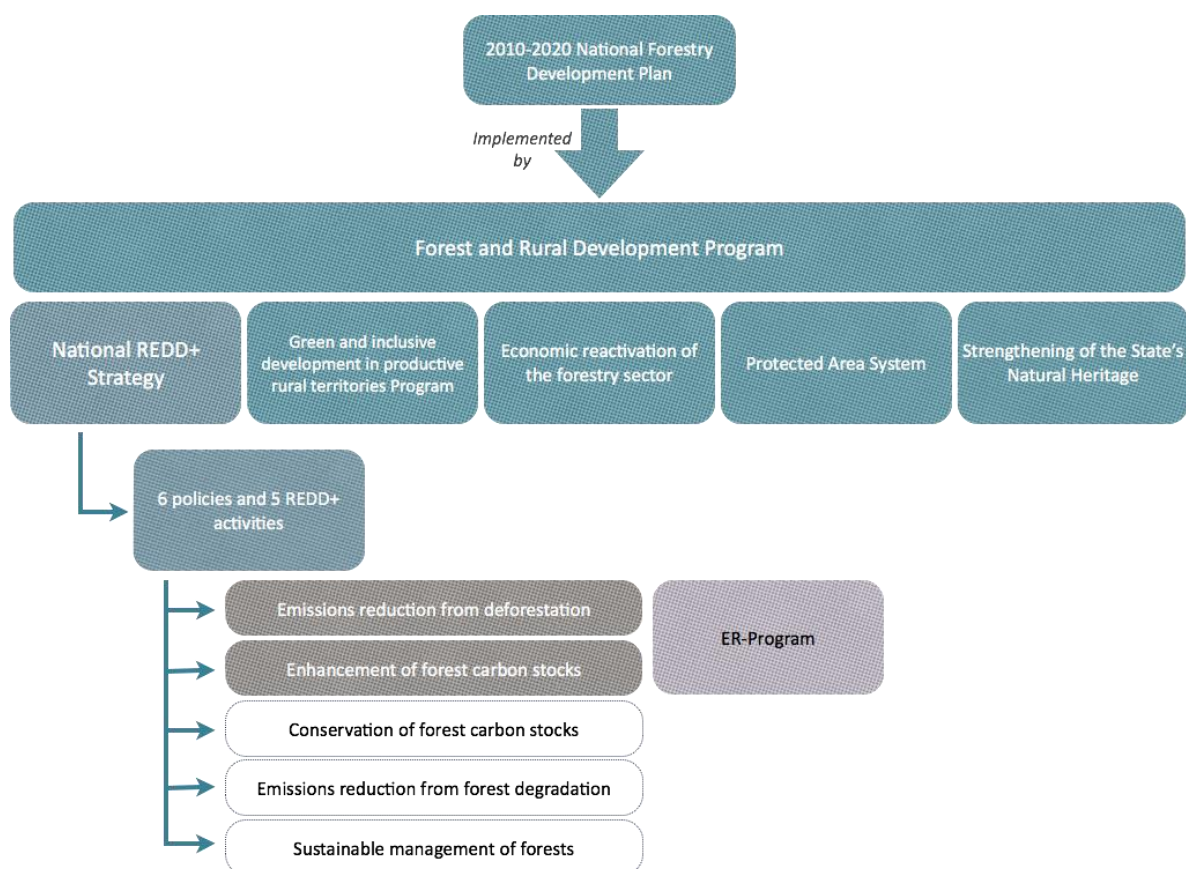


Figure 2.2.1. Relation of the *Forests and Rural Development Program* with National REDD+ Strategy and Costa Rica's ER-Program to the FCPC Carbon Fund. REDD+ activities in gray are included in ER-Program. Additional activities may be considered in the ER-Program in later stages of development.

Progress since the ER-PIN

Costa Rica initially presented a programmatic approach mainly focused on the expansion of the Program of Payments for Environmental Services (PES). The current ER-Program includes this goal, plus 73 additional policies and measures to support forest governance and address deforestation and forest degradation drivers (**Section 4**), *e.g.* strengthening the current policy framework for reducing illegal logging and the risk and impact of forest fires in SINAC (National System of Conservation Areas).

Additionally, the current ER-P addresses key governance issues, *e.g.* help in solving land-tenure conflicts and development of new financing options for areas under special land-tenure regimes. Other new features of the Program include new financing opportunities identified by stakeholders during SESA, as well as during the information and pre-consultation process of the National REDD+ Strategy, *e.g.* more flexible PES modalities for indigenous territories and small forestry and agroforestry producers.

Costa Rica's ambition in the ER-PIN has been increased in the ER-Program. From a programmatic approach, the ER-Program evolved to a national-scale initiative, which seeks to make key forest policy operational and enable relevant stakeholders to participate across the country, considering almost every land-tenure regime.

Ambition of current and future programs

The ER-Program is based on existing forestry policies and programs implemented in the last three decades, besides additional policies and measures to improve governance efficiency and to address key drivers of deforestation and forest degradation. The main instruments that form part of the ER-Program

are SINAC's policy framework and FONAFIFO's PES program. However, additional new policy instruments and mechanisms are also considered. Thanks to these policies and programs, Costa Rica has protected a significant portion of its territory (26%) in 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+ results. The PES was expanded thanks to two loans from World Bank known as Ecomercados I y II. Ecomercados' global 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. Through the Ecomercados projects, Costa Rica gained significant experience in complying with the World Bank's operational policies. This is an important step to define a management framework to follow-up REDD+ safeguards under the UNFCCC.

FONAFIFO's PES program is based on the principle that "whoever contaminates, pays". 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 ER-Program intends to obtain additional financial resources to strengthen the PES.**

In addition to the policies and programs described above, **the ER-Program proposes six new forestry policies, especially directed at addressing some of the stakeholders' special interests.** Similarly, many of the policies and measures included in the ER-Program are proposed to solve deficiencies of current programs, *e.g.* through new PES modalities for indigenous territories, traditional forest management may be fostered. Another example is the design of more flexible financing mechanisms that may operate in areas under special land-tenure regimes or where land-tenure remains unclear. An important feature of the ER-Program is the goal to improve managerial capacities in the private forestry sector in order to increase timber and non-timber production.

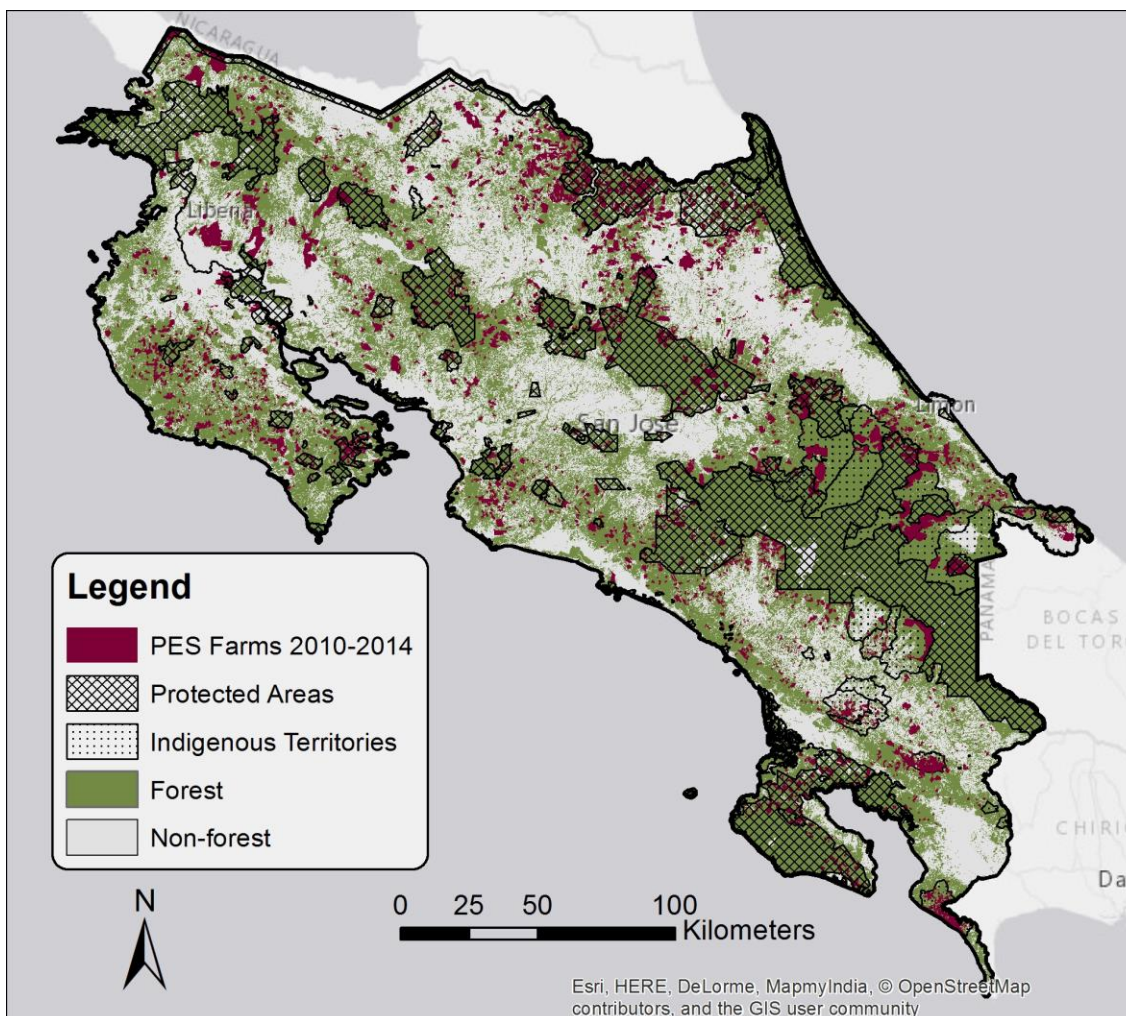


Figure 2.2.2. Forest program cover for the conservation of forests in Costa Rica.

Early REDD+ actions and forest conservation

In 2013 Costa Rica had 2,215,543 hectares (ha) of primary forests⁸ (44% of the national territory). Including secondary forests and other *Forest land*, Costa Rica had a total 3,134,026 ha of forests in 2013 (61% of the territory⁹). Maintaining more than half of the country's forest cover has been a significant achievement, which has required significant investments. Besides these financial implications, **Costa Rica has defined clear measures against deforestation, e.g. by passing legislation against forest conversion.** Today, these forests fulfill an invaluable environmental function, by providing numerous social and environmental benefits and by protecting a significant portion of the planet's biodiversity.

Considering the period 1986-2013, annual gross anthropogenic deforestation¹⁰ has decreased in time. In the 1980s deforestation was close to 50,000 ha/yr, in 1990s it was 38,000 ha/yr, and after 2000 deforestation diminished to 27,000 ha/yr. At the same time, forest regeneration has substantially increased. In 1986, new, growing forests covered 417,000 ha, while in 2013, the area increased to 918,000 ha. (**Figure 2.2.2.**)

⁸ *Primary forests* are defined as those forests that have been present since 1986.

⁹ Includes tree plantations, mangroves, "yolillales" and palm forests, as well as primary and secondary forests.

¹⁰ Includes harvesting of tree plantations, defined as forest or forest lands.

In this context, **Costa Rica has been able to maintain a large proportion of its primary forests while reducing deforestation and promoting the regeneration of new forests.** Much of this happened prior to the Conference of the Parties (COP) in Bali and Cancun, which reflect an early performance of the country in implementing REDD+. According to Costa Rica's Forest Reference Emission Level (FREL) submission to the UNFCCC, approximately 133,494,565 t CO₂e have been reduced due to the implementation of the current Forest Law in the 1997-2009 period.

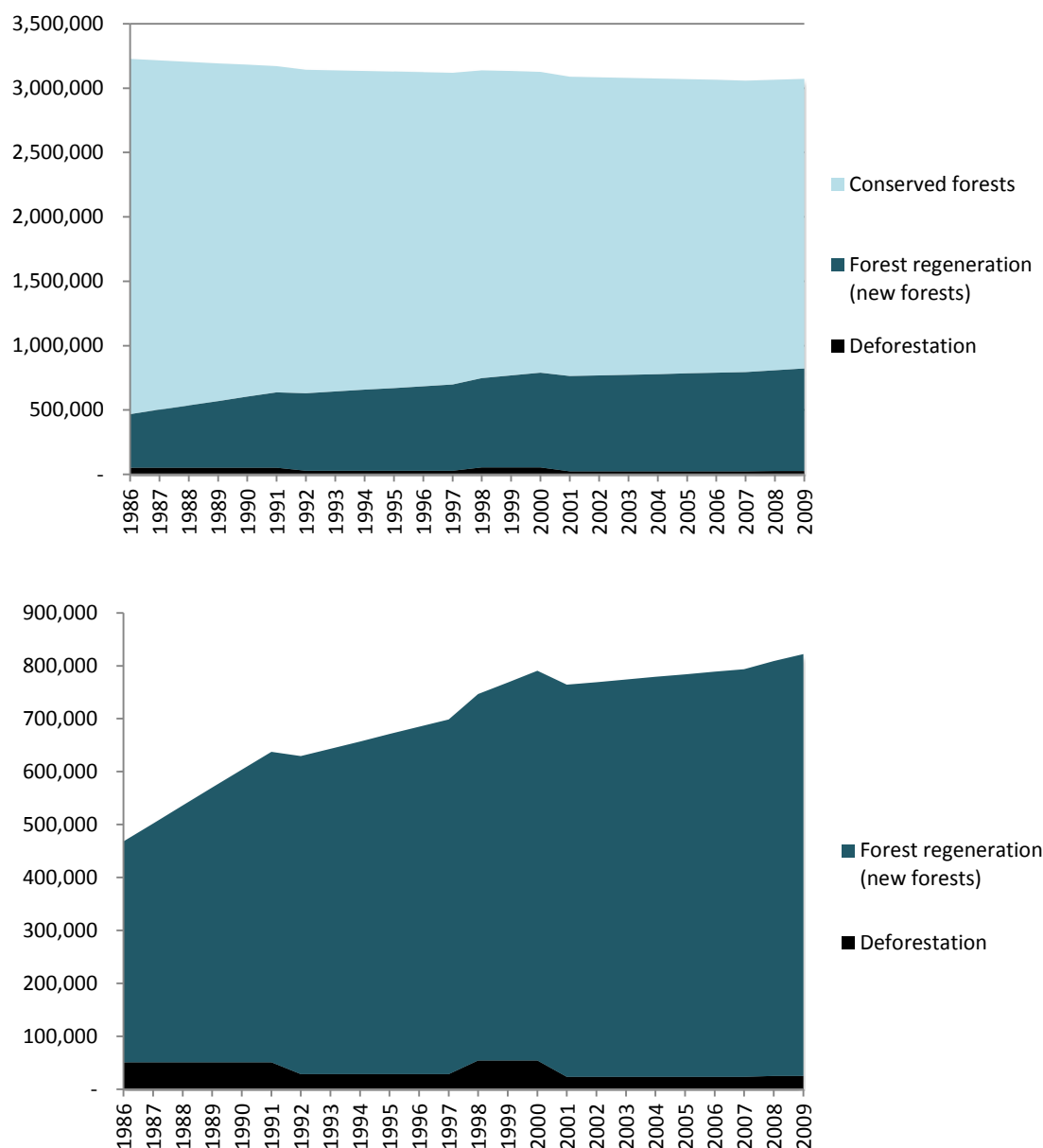


Figure 2.2.2. Area (in hectares) of forest conservation, deforestation and forest regeneration for 1986-2009. The graphic below does not include forest conservation to provide more detail on forest regeneration and deforestation for the same period.

Consistency with national policies and development priorities

The ER-Program is meant to support the implementation of the [National Forestry Development Plan](#) (Figure 2.2.1), and is part of the *Forests and Rural Development Plan*. The six forest policies included in the ER-Program work consistently with the strategic actions included in the Plan.

In terms of national strategic planning, the ER-Program was defined as a specific goal¹¹ of the [National Development Plan](#). The ER-Program will also support other strategic goals included in the National Strategy on Climate Change, both in mitigation and in adaptation, especially in relation to Carbon Neutrality and in increasing ecosystem and human population resilience to climate change. Further, the ER-Program has a strong social component and seeks to increase the participation of stakeholders in order to reduce poverty, especially in rural areas.

Payment expectation for emissions reduction

According to Costa Rica's R-PP and ER-PIN¹², the National REDD+ Strategy started implementation in 2010. For the FCPF Carbon Fund, Costa Rica agreed to shift the start date of the ER-Program to 2012, to accommodate the 1998-2011 historical reference period. Thus, Costa Rica has the expectation that the FCPF Carbon Fund will recognize emissions reduction starting from 2012.

Measured emission reductions in 2012-2013

Following the same methods described in Section 8, Costa Rica conducted a first monitoring of emission reductions for the period 2012-2013. These results are included in **Table 2.2.1**. These results show that, when compared to the historical reference period, Costa Rica has demonstrably reduced a total of - 3.505.241 t CO₂e.

Table 2.2.1. Emission reductions for 2012-2013 (in tons of CO₂ equivalent per year).

Year	Total emissions from anthropogenic deforestation	Total absorptions in <i>land converted to Forest land</i> (new forests)	Total <i>net</i> emissions	Reference Level	Emission reductions against the Reference Level
2012	6,360,543	-4,568,633	1,791,910	3,385,759	-1.593.850
2013	6,559,345	-5,084,977	1,474,368	3,385,759	-1.911.391
<i>Total</i>					-3.505.241

2.3. Political commitment

Costa Rica's political commitment to reducing emissions and conserve forests has been clear in its environmental legislation, sectoral and cross-sectoral goals. For example, the current Forest Law prohibits forest conversion. Political commitment is also clear in the country's strategic planning. The ER-Program is part of the [National Development Plan](#) for 2015-2018, *i.e.* program 2.4 of the Plan specifically refers to the implementation of the ER-Program.

Additionally, through the Biodiversity Law, SINAC was created to reduce illegal logging and the impact of forest fires. Costa Rica also established an extensive system of Protected Conservation Areas with several

¹¹ Program 2.4. of the National Development Plan 2015-2018.

¹² Technical basis for the *letter of intent* signed by the Government of Costa Rica with the World Bank for the payment of \$63.000.000 or 12.000.000 t CO₂e, per resolution N° CFM/5/2012/1 of the Carbon Fund during its fifth meeting in Paris (16-17 October, 2012).

management categories. Most national parks and biological reserves are strategically located to create biological corridors, protect high-conservation value forests and avoid the loss of key species.

Other examples of political commitment are:

- The ER-Program was validated by the Minister of MINAE
- The President of the Republic confirmed the intention of achieving Carbon Neutrality during the New York Climate Summit in 2014, and included forests as an important part of this strategy
- The Minister of MINAE spoke of the country's intention to develop a *Forests and Rural Development Program* at COP 20. This program aims to move towards an integrated approach to manage rural landscapes, while reducing poverty
- In an official mandate, the Minister of MINAE issued guidelines to facilitate the implementation of the National Forestry Development Plan for 2014-2018, mainly focused on the economic reactivation of timber production, as well as the transformation and marketing of forest products in order to increase revenue in rural areas
- Costa Rica initiated dialogues with multiple sectors to prepare the INDC submitted to the UNFCCC in October 2015; the INDC includes the forestry sector and the National REDD+ Strategy
- Currently, an Executive Decree is being prepared to define the responsibilities and roles of the public sector (and public institutions) in the implementation of the ER-Program. This decree will also help clarify the organizational structure and implementation framework of the ER-Program

3. ER-Program Location

3.1. Accounting Area of the Emission Reduction Program

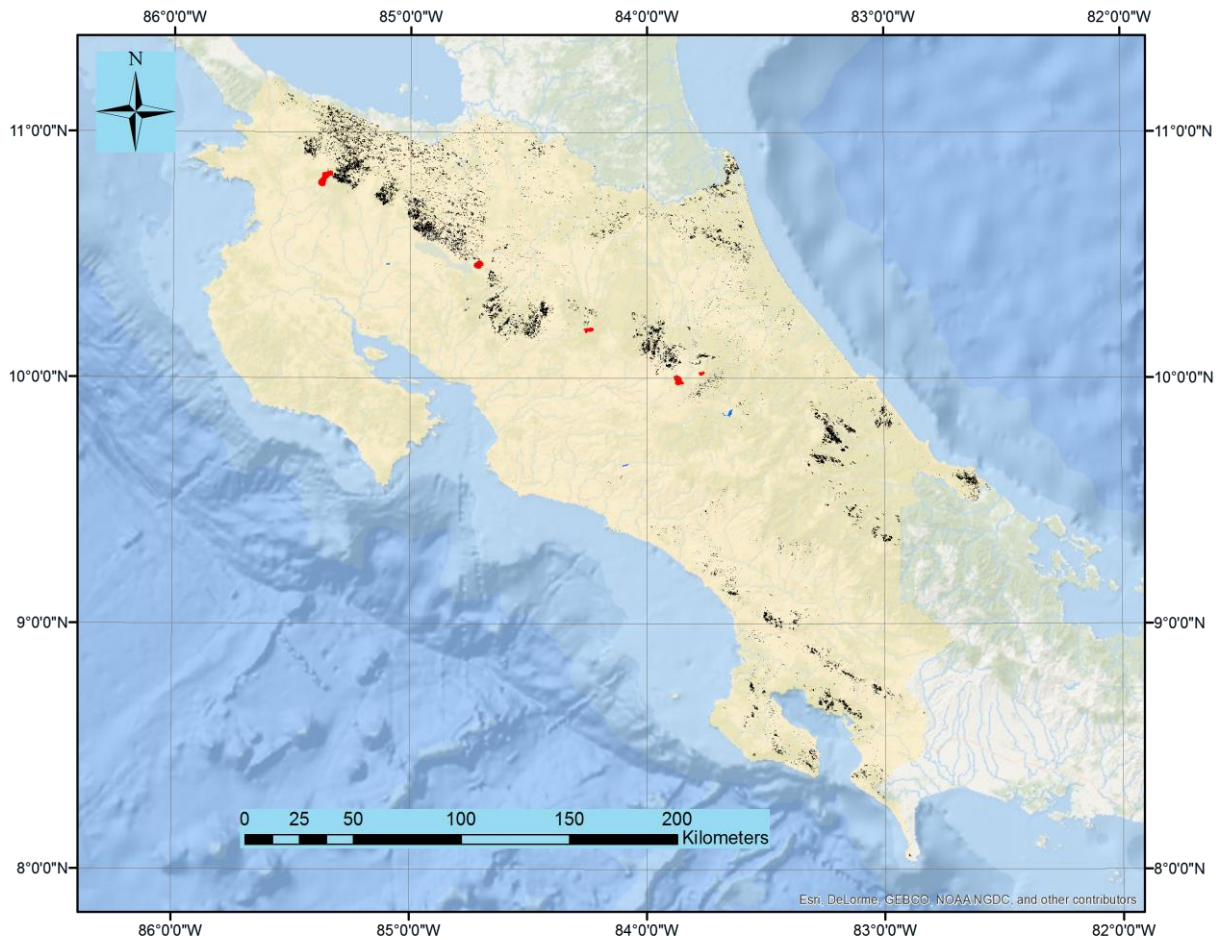
Location

Figure 3.1.1. shows the accounting area of the ER-Program, which includes the country's continental territory (5,133,939.50 ha), but excludes the Coco Island (238,500 ha)¹³, a World Heritage site 532 km from Costa Rica's Pacific coast. The Coco Island is inhabited solely by park rangers and is not subject to anthropogenic intervention. The island is also too distant from Costa Rica's continental territory and is therefore not prone to displacements that may be caused by Costa Rica's REDD+ activities.



Figure 3.1.1. Geographical boundary of the ER-Program. **Source:**
https://wiki.hatrick.org/w/images/0/09/Location_of_Costa_Rica.PNG

¹³ https://es.wikipedia.org/wiki/Isla_del_Coco



Color	Type of area	FREL	ha	%
■	Areas associated to volcanic activity	excluded	1,580.67	0.03%
■	Areas associated to river-meandering	excluded	16,693.29	0.33%
■	Areas covered by clouds and shadows	excluded	115,364.16	2.26%
■	Area with land-cover information	included	4,980,301.38	97.39%
	Total area considered		5,113,939.50	100.00%

Figure 3.1.2. Areas with special considerations within the accounting area of the proposed FREL/FRL.

Within the accounting area, special considerations were made for two types of areas: those without land use information due to clouds and shadows, and those where forest losses are associated to natural disturbances (**Figure 3.1.2.**).

Areas without land use information. This is due to the tropical moist to rainy climate in Costa Rica and the presence of three major mountain ranges, causing high cover by clouds and cloud shadows. Because of this, it is almost impossible to create cloud-free mosaics of satellite images without combining images acquired at different points in time

- Several maps¹⁴ were generated for the accounting area on December 31st/January 1st of the years 1985/86, 1991/92, 1997/98, 2000/01, 2007/08, 2011/12 and 2013/14¹⁵. These maps were created using Landsat images acquired within a 14-months' time window. This resulted in 0.49%-1.83% of the total accounting area covered by clouds and shadows for each map (Agresta *et al.*, 2015.a, p. 8). For 1986-2013, a total of 2.26% of the accounting area lacked land use information.
- The low percentage of area without land use information was obtained by filling cloud and shadow areas with global data published by Hansen *et al.* (2013)¹⁶. This method will also be used in future measurement and reporting. Due to increasing availability of global forest cover data, it is likely that no additional areas will have to be excluded due to gaps in land use information in future periods.

Areas impacted by natural disturbances. Losses of forest cover associated to natural disturbances, such as volcanic activities and river-meandering, are not anthropogenic and cannot be avoided through REDD+ activities. Costa Rica deems more appropriate to exclude such losses in the context of results-based payments.

- Costa Rica has a mountain range composed exclusively by volcanoes (*Cordillera Volcánica Central*), six of which are active (*Arenal, Miravalles, Rincón de la Vieja, Poás, Irazú and Turrialba*). During 1986-2013, volcanic activity impacted 6,105.42 hectares of land (0.12% of the total accounting area), destroying 1,580.67 hectares of forests (63.6% of which were old-growth forests). Considering that areas impacted by volcanic activity can easily be identified in satellite images (Figure 3) and that volcanoes can inflict significant non-anthropogenic damage to forests, Costa Rica decided to exclude forest losses associated to volcanic activity from its accounting area (**Figure 3.1.3.**)
- Similarly, flooding and river meandering may cause non-anthropogenic forest loss that could actually increase in the future as a consequence of more extreme weather events related to climate change. During 1986-2013, 16,693.29 hectares of forests (55.4% of which were old-growth forests) were lost to river meandering. As in the case of volcanic activity, forest-related emissions caused by flooding and river meandering are measured and reported, but excluded from the accounting area (**Figure 3.1.3.**)

¹⁴ These maps are presented in Annex 1.

¹⁵ A notation with two years is used to indicate that the land use maps represent simultaneously the ground situation on December 31st of the first year of the notation and on January 1st of the second year of the notation.

¹⁶ Hansen, M. C., P. V. Potapov, R. Moore, M. Hancher, S. A. Turubanova, A. Tyukavina, D. Thau, S. V. Stehman, S. J. Goetz, T. R. Loveland, A. Kommareddy, A. Egorov, L. Chini, C. O. Justice, J. R. G. Townshend, 2013. High-resolution global maps of 21st-Century forest cover change. *Science*: 342 (6160):850-853. Available at: <https://earthenginepartners.appspot.com/science-2013-global-forest>

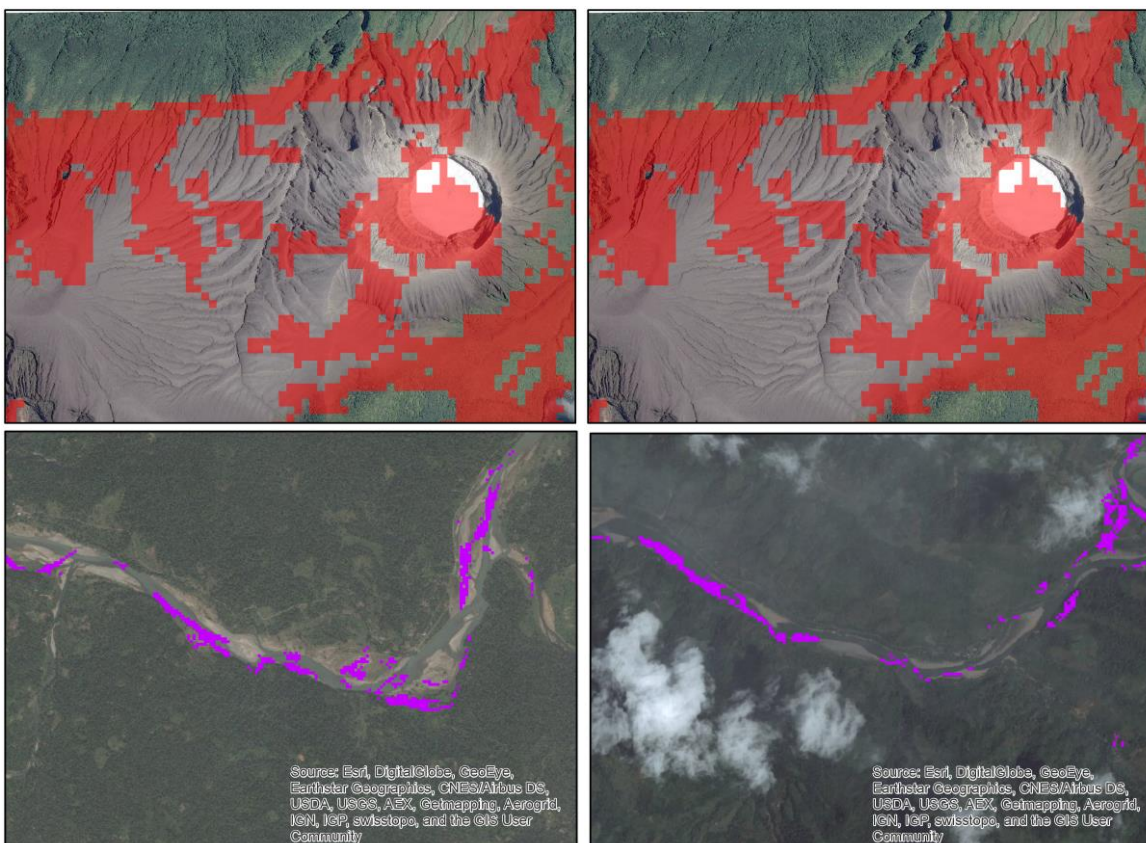


Figure 3.1.3. Examples of non-anthropogenic losses of forest cover associated to volcanic eruptions (red colored areas) and river-meandering (purple-colored areas).

3.2. Environmental and social conditions in the Accounting Area of the ER Program

Geography, vegetation and climate

Costa Rica, a Central American country with a population of 4.592.149¹⁷, is located in the tropical region and is characterized for having a wide variety of climates that have resulted in 12 different ecological and forest zones (**Figure 3.2.1.**). Due to geographical, atmospheric and oceanic factors, the country has been divided in seven big climate regions: North Pacific, Central Pacific, South Pacific, Central Zone, North Zone, North Caribbean Region, and South Caribbean Region. With 51.139 km² of continental area, the country has 34 hydrological basins, amongst which Tárcoles and Reventazón are two of the main ones. It has a heterogeneous relief, subject to the action of important variable climate and biological conditions; it is a mainly mountainous country, whose Northwest-Southeast axis shows mountain ranges and chains whose higher peaks are Chirripó with 3.879 m above sea level¹⁸ and Kamuk with 3.564 m above sea level.

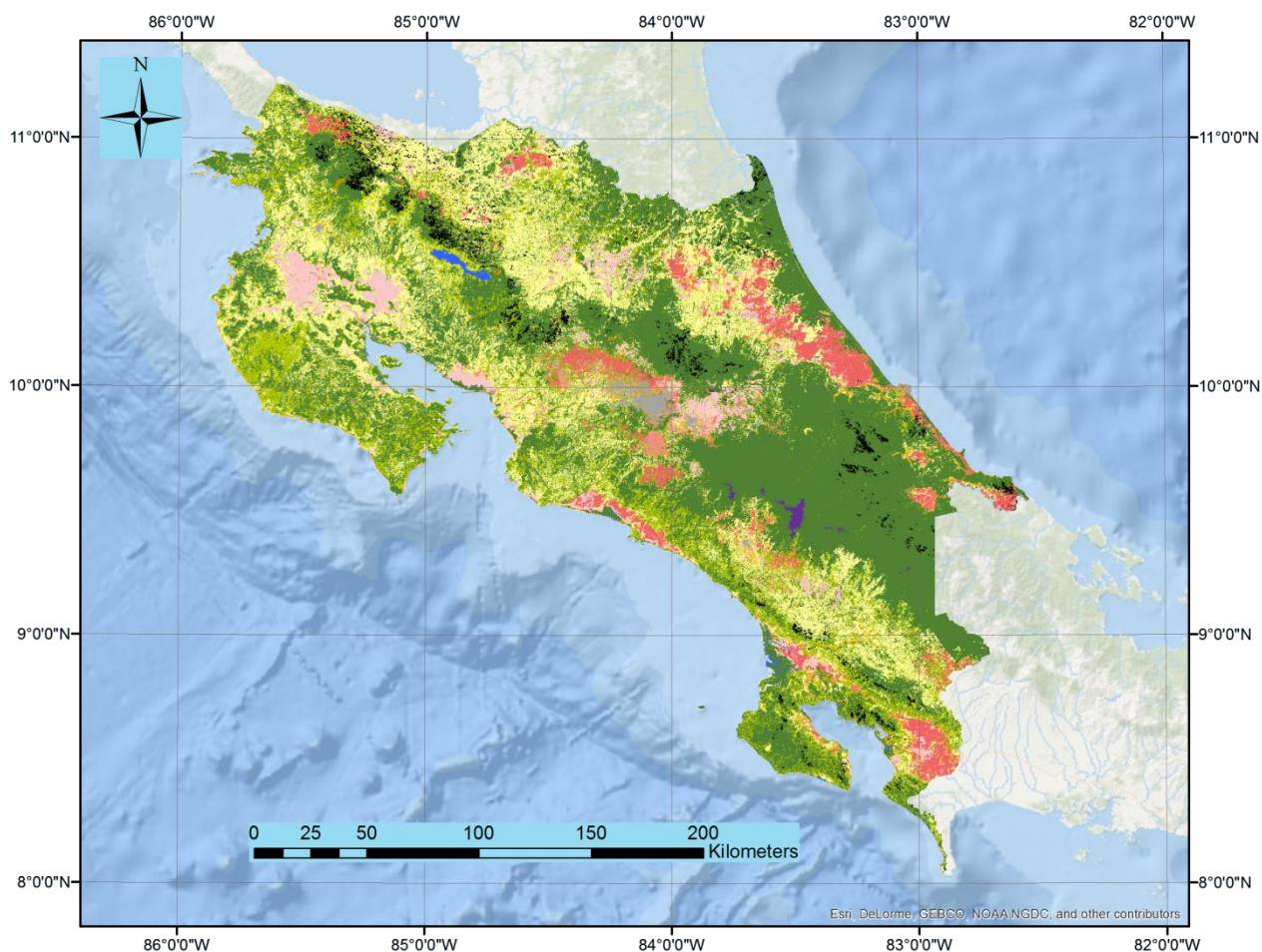
In general terms, two climate regimes exist: Pacific and Caribbean, both with dry and rainy seasons. The most frequent meteorological events and that cause extreme events are: tropical depressions, tropical storms, hurricanes, low-pressure systems, droughts and cold fronts. Any of these phenomena if intense, may cause flooding.

Moreover, the variability of climate in Costa Rica is more related to the phenomenon “El Niño” South Oscillation. During El Niño, there is a higher probability for the Pacific area and the Central region to

¹⁷ Data for 2011 of the National Statistics and Census Institute

¹⁸ Meters above sea level

experience dry to extreme dry conditions, while in the Caribbean there is a higher probability of extremely rainy scenarios.



Land-cover		Area
Color	Description	ha
	Forest lands (FL)- Primary forests	2,233,118.88
	Lands converted to FL – New forests	824,096.61
	Cropland – permanent	311,794.20
	Cropland – annual	244,122.84
	Grassland	1,247,688.99
	Settlements	45,039.24
	Wetlands - natural	22,350.60
	Wetlands - artificial	336.69
	Other land – moor	10,420.38
	Other land–natural bare lands	1,973.43
	Other land–artificial bare lands	57,633.48
	No information – clouds and shadows	115,364.16
Total area		5,113,939.50

Figure 3.2.1. Types of forests and non-forest areas for 2011/2012 using classified LANDSAT images, considering the land use categorization of IPCC in its 2006 guides.

According to Holdridge's life zone's classification system and based on environmental factors such as wetness, precipitation and temperature, there are 12 life zones in Costa Rica. The most prominent zones are the very tropical rain forest (29,8% of the country), very wet premontane (15,5%), tropical wet (13,5%), and pluvial lowland montane (13,2%). These ecosystems take place in a high variability of parental material and lands, distributed in a heterogeneous relief and subject to the action of very variable climatic and biological conditions. The most common type of land is inceptisol, covering 38,8% of the territory; however, there is also presence of ultisoles (21%), andisoles (14,4%), and entisoles (12, 4%) and alfisoles (9, 6%). Vertisoles do not exceed the 2%.

Likewise, the interaction of a diversity of climate and altitudinal variables, a geological history very active in emersions, subsidence and volcanism, have caused that since its origins as part of an isthmus, Costa Rica has been a biological bridge where multiple species of flora and fauna coexist. It is estimated that 4% of the planet's terrestrial species are found in Costa Rica, even though it only has 0.01% of the global extension, which constitutes a heritage and a natural resource of big proportions. Of the 500,000 species calculated for the country, only an approximate of 87,000 (17,4%) have been described. More than 79% of these species described are arthropods. Plants compose the other majority group, of which an approximate 10,979 species have been described. Of the total diversity described for the world, approximately 6% corresponds to Costa Rica.

There is a high degree of endemism in the country. It is estimated that 12% of the Costa Rica plants are endemic (some 1,200 species) and are distributed in different locations. For the group of fresh water fish, it is estimated that there is 14% endemism. This way, factors such as the disappearance of the forest mass, the destruction and alteration of ecosystems, illegal hunting, overexploitation, the introduction of exotic species, the indiscriminate use of pesticides, the illegal trade of species and pollution pose a strong effect and many species are suffering a reduction in their populations, in a way that they can be considered threatened or vulnerable in the country. The World Union's red list of threatened species mentions Costa Rica with 242 endangered species out of which 111 are plants, 62 amphibians, 20 fish and 17 birds.

Economic and political conditions

Costa Rica has an old democratic, 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.

Between 2013 and 2014, 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.

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.

Linguistic and socio-cultural diversity

Costa Rica has 24 indigenous territories covering 334.447 hectares, who are the result of two cultural horizons: the Mesoamerican and the Chibchoide. Both are characterized for the cultivation of lands, for basing their diet in corn, cocoa, roots, tubers, wild animals hunting and fishery; but most of all, they maintain a cultural, philosophic and socioeconomic relation with forest resources. 60% of the indigenous population in the country speak their ancestral language, specifically Bribris 55%, Bruncas 6%, Cabécares 88%, Chorotegas 0,4%, Huetares 0,4%, Malekus 68%, Ngöbes 78% and Teribes 10%.

With regards to small and mid- sized agro forestry producers, the 100% speak Spanish. The country has 12 life zones at heights that go from 0 to 3,800 m above sea level, which produced a variety of ecosystems, types of land, microclimates, geography, etc.; it caused that the peasant culture adapted to so diverse conditions producing a particular rural landscape depending on each region (diverse crops, farm sizes, economy and technology adapted to each climate and land conditions). Regarding the socioeconomic indicators, in this sector, the average population has grown old and the youngest abandon the farms in search of better opportunities, the average age of peasants is now 50-54 years, and most of them are males.

Lifestyles and the dependency of local populations on forest resources

According to the National Population Census of 2011, there are 104,143 indigenous people in Costa Rica, of which 48,500 live in their territories. The indigenous homes located in territories add up to 11.853. Of that total, 62,8% performs some sort of productive agricultural activity. 13% worked on crops during the last year; 11% own cattle, pigs, poultry, others for self-consumption; therefore 63% have performed at least one agricultural activity. Of the 7.204 indigenous agricultural employees, 88% are male and 12% female, and the position they occupy in this activity corresponds to 2% employers, 69% self-employed workers and 20% employees of private companies. In terms of environmental protection, it is evidenced that the locations where the indigenous peoples exist, match the big remnants of protected areas in the country; their close relationship with nature is also recognized to indigenous peoples, its resources are the fundamental basis of their identity and because of its cosmogonic component, vital for community life.

For the sector of small and medium forestry and agro forestry producers, 30% of the farms in the country are covered by forest, indicating a change of vocation and conscience of many farmers. On the other hand, livestock farming has remained an important activity at the national level. However, the main economic activity is agriculture, which varies according to the country zone. The Central Region represents 92% of the lands planted reported in the agricultural census and is characterized by the production of vegetables with a high technological degree. The Chorotega Region is the one with the biggest production of meat cattle in the country; besides, in the agricultural field, it can be affirmed that Guanacaste is the main producer of grains because of its diversification (rice, beans, sorghum, as well as non-traditional products such as coffee). In the Brunca Region; its economy is based in the agriculture of basic grains, especially corn and beans, as well as Oil palm and pineapple. 80% of the country banana is planted in the Caribbean region, and along with the pineapple farms, offers employment to many growers; in the North Huetar Region there are more farming lands; their economy is based in the agriculture of basic grains, sugar cane, coffee, plantains, banana and non-traditional export products such as citric, cardamom, pineapple, passion fruit, papaya, yucca, ornamental plants and some others.

4. Description of actions and interventions to be implemented under the proposed ER Program

4.1. Analysis of drivers and underlying causes of deforestation and forest degradation, and existing activities that can lead to conservation or enhancement of forest carbon stocks

Deforestation and forest regeneration were assessed for 1987-2013 at the national and sub-national scale¹⁹. 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 regeneration were analyzed. Deforestation reflects current conditions and decision-making by land-owners, while forest regeneration 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.

Forest cover change in 1987-2013

Forest cover in Costa Rica shows a clear recovery trend. Between 1997 and 2008, Costa Rica started gaining more forests than it lost. During this period, net deforestation gradually fell and net regenerated increased consistently towards 2013 (**Figure 4.1.1.**).

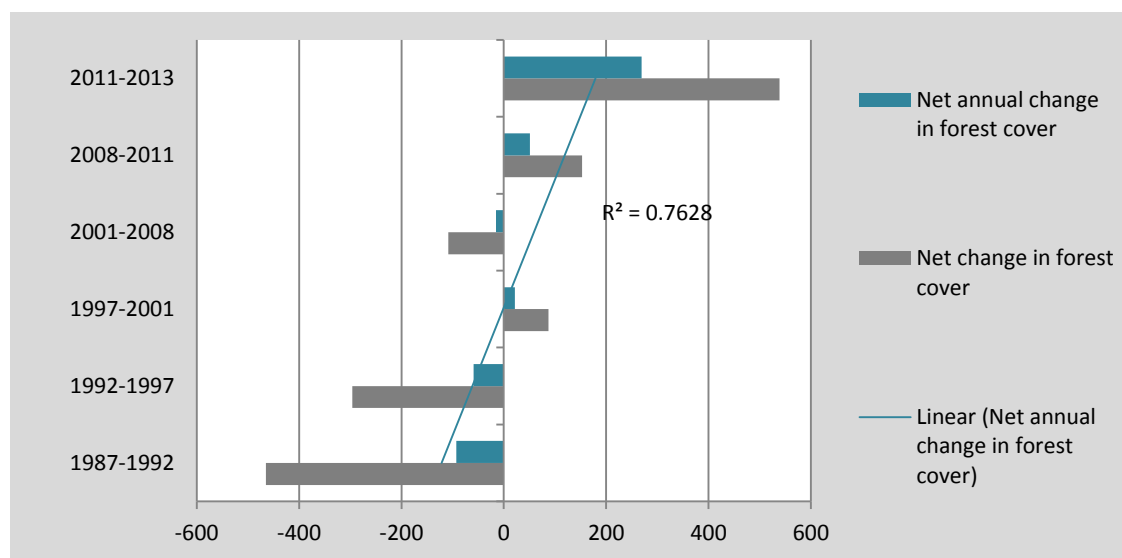


Figure 4.1.1. Forest cover change in 1987-2013, in km².

¹⁹ CDI, 2015.d. Patterns and factors of change in the natural forest cover of Costa Rica, 1987-2013. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Facility (FCPF). 57 p.

Annual gross deforestation fell from 550 km²yr⁻¹ in 1986 to 300 km²yr⁻¹ in 2013, *i.e.* a 40% reduction in annual forest loss (**Figure 4.1.2.**). Conversely, forest regeneration presents a recovery trend, especially after the year 2000. 70% of deforested areas were used as grasslands (**Figure 4.1.3.**). Crop production was established on 20% of deforested areas. These crops were sold in the domestic market (*i.e.* rice, beans, oil palm) and exported (*i.e.* pineapple, banana, and oil palm) (**Figure 4.1.4.**). 10% of the converted areas were regenerated (**Figure 4.1.4.**).

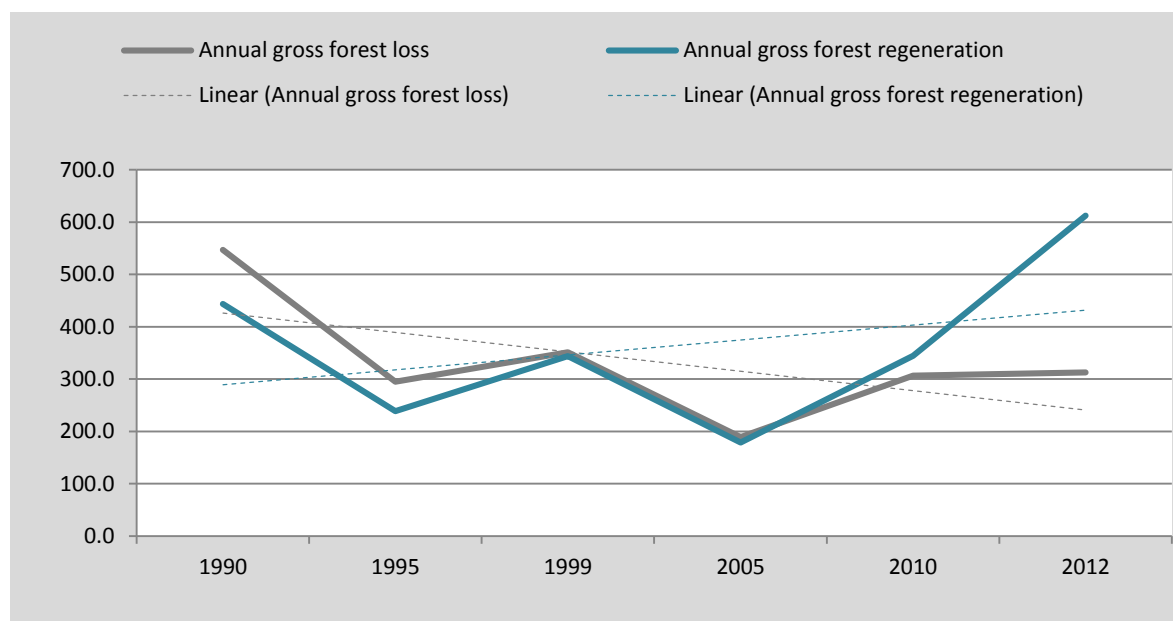


Figure 4.1.2. Forest loss and regeneration in 1987-2013. The year assigned is the average of each period.

In the 1990s, a combination of institutional and economic factors modified existing forest cover change trends. In particular, the institutional regulatory framework implemented on the basis of the current Forest Law reverted the former regeneration trend. From then on, and in contrast with previous periods, an important part of the forests being regenerated had to be preserved according to the new law; this could explain its accelerated expansion during this decade. Conversely, the law apparently did not have the same effect on gross deforestation. Some research (Arias 2005, Campos *et al.* 2001, Campos *et al.* 2007, FUNDECOR 2005, and SINAC 2002) noted that as a result of the Forest Law, forest owners developed strategies to continue expanding croplands in response to market incentives.

The Forest Law posed stricter regulations on forest management, but less restrictions to timber harvesting in non-forest areas, *e.g.* treed grassland. This created certain negative incentives, such as increased removal of trees from grasslands and forest understory clearings (*socola*). With the new Forest Law, many land-owners converted managed forests into grasslands and croplands (SINAC, 2002). Notably, land-owners would take advantage of these gaps in the law and practice *socola* to then request a permit to harvest trees in non-forest areas. Therefore, some forests were first degraded and then deforested in a longer-term process. Once timber was harvested, the owners decide if the area would be maintained for cattle grazing or to leave it for forest regeneration. This process is most commonly observed in the Tortuguero, Huetar Norte and Cordillera Volcánica Central Conservation Areas (FUNDECOR 2005). On the other hand, the law could not be retroactively enforced, and to the extent that harvesting permits were issued on the basis of the previous law, those permits were executed and implied an additional source of deforestation or degradation during the years immediate after the enactment of the new law.

On the basis of this new Forest Law, a political dialogue was launched in 1998 to develop the country's first [National Forestry Development Plan](#) for 2001-2010. This plan contained policies to facilitate the

implementation of the Forest Law. Among others, the following key elements were addressed (MINAE 2001):

- Creation of a national system for forestry planning
- Strengthening existing information systems for monitoring and control of forest resources and forest use
- Creation of new funding mechanisms
- Improvement in forestry and the forest industry competitiveness
- Strengthening of institutional capacities
- Linking national to global efforts in forest conservation

Building upon the new Forest Law, and as a response to the alarming situation of deforestation, in 2002 MINAE developed the “Illegal Logging Control Strategy 2002-2007” (SINAC 2002) as well as other related measures. This strategy aimed to stop the *socola*-deforestation cycle and promoted the sustainable use of the forestry resources by simplifying requirements and facilitating the legal access to merchantable timber, in particular for small owners. This strategy also proposed a modification of the Forest Law to reduce the high-levels of impunity and to re-structure SINAC to strengthen information and monitoring systems for the management of Costa Rican Conservation Areas.

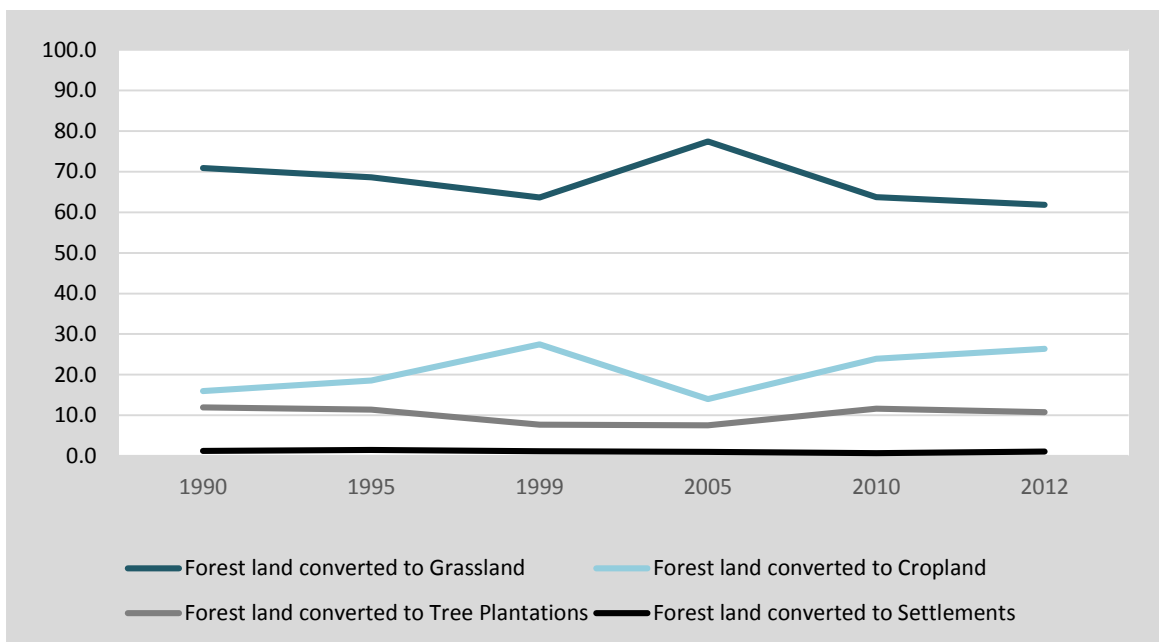


Figure 4.1.3. Forest land conversion in 1986-2013 (in %).

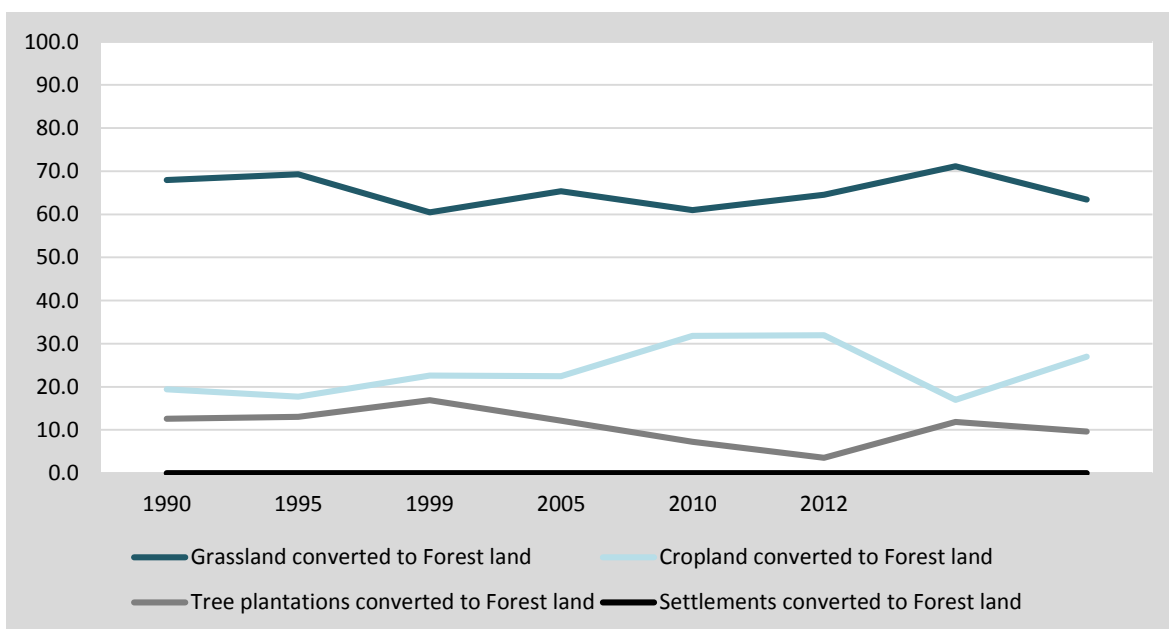


Figure 4.1.4. Land converted to Forest land in 1986-2013 (in %).

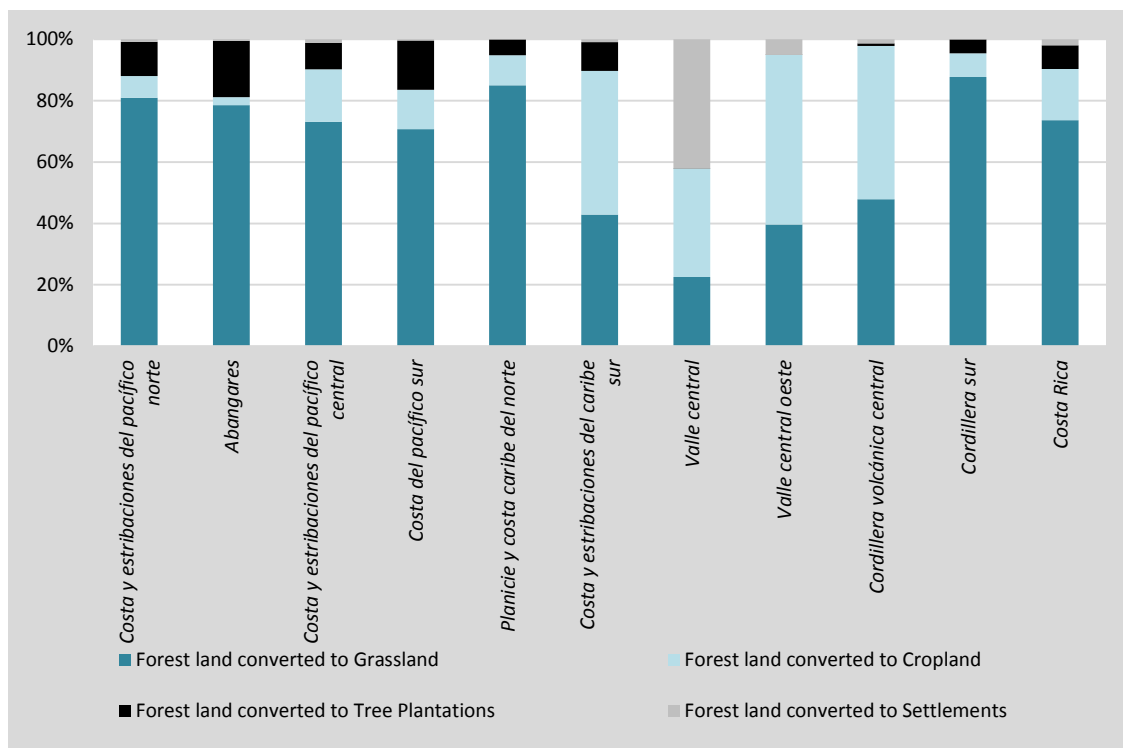


Figure 4.1.5. Forest land conversion in 1986-2013, by zone (in %).

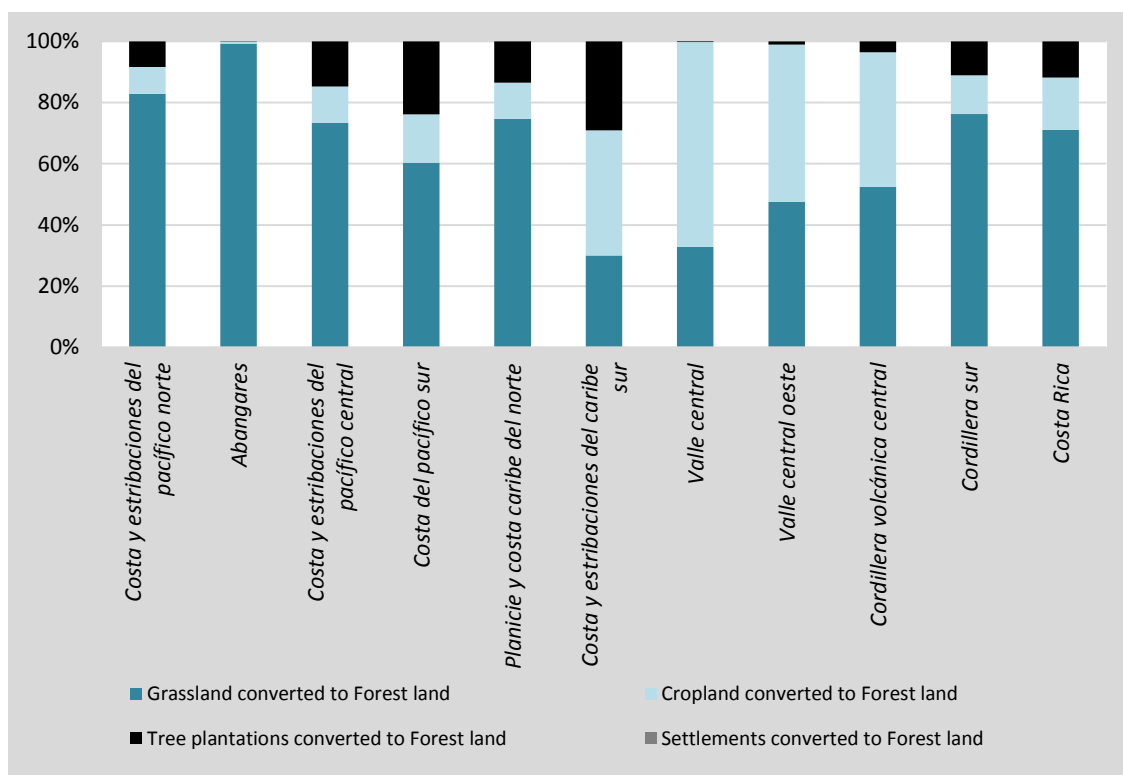


Figure 4.1.4. Land converted to Forest land in 1986-2013, by zone (in %).

Deforestation and forest degradation by land-tenure regime

Land tenure regime is an important factor driving land use change, as identified in Costa Rica's R-PP. Namely, deforestation is higher in private forests ("tierras privadas") and much lesser in protected areas ("Parques Nacionales y Reservas Biológicas"). It could be argued that lands with fewer restrictions by law are more prone to land use change (**Figure 4.1.5**).

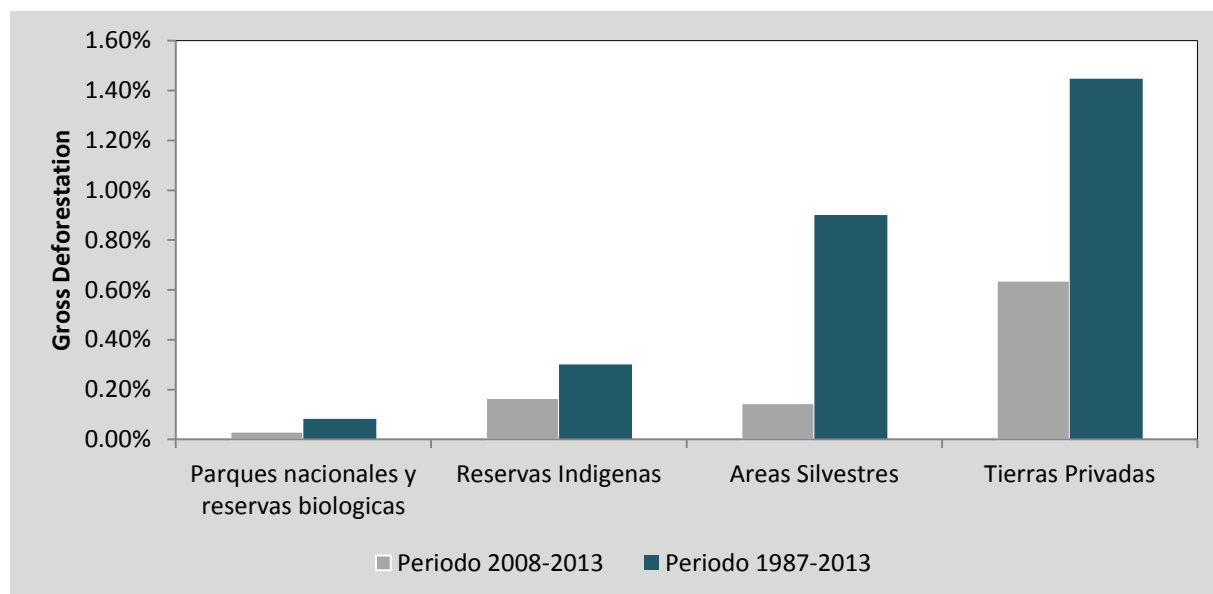


Figure 4.1.5. Gross deforestation (%) by land tenure regime for 1987-2013 y 2008-2013.

Protected wildlife areas including National Parks and Biological Reserves

Forest protection has a significant impact on gross deforestation rates (**Table 4.1.1**). Deforestation outside protected areas could be up 40% higher. Forest regeneration is also more likely within protected areas.

Table 4.1.1. Probability of land use change *outside* and *inside* protected areas in Costa Rica, 1987-2013.

Period	Location	Forest lands	Deforestation	Agriculture	Forest regeneration
1987-2001	<i>Outside Protected Areas</i>	62.9	88.7	93.2	88.6
	<i>Inside Protected Areas</i>	37.1	11.3	6.8	11.4
	Costa Rica	100.0	100.0	100.0	100.0
2001-2013	<i>Outside Protected Areas</i>	61.8	91.4	92.9	87.9
	<i>Inside Protected Areas</i>	38.2	8.6	7.1	12.1
	Costa Rica	100.0	100.0	100.0	100.0

Protected Areas in Costa Rica are classified according to its protection category. The most restrictive category in terms of use is *National Parks and Biological Reserves*; here, deforestation present but to a lesser extent (MINAE, 2011). Remaining deforestation may be due to the fact that certain properties have yet to be formally expropriated from private owners. If properties are registered as state property and if there were institutional presence in these areas, deforestation would likely be less frequent. In other cases, illegal tenants, illegal loggers, hunters and miners may cause deforestation. In many cases, the State has little capacity to prevent these events.

Regarding other categories, 14% of the country is located in forestry reserves and wildlife refuges. Most of these areas are located in private or mixed tenure regimes (not all lands are State-owned and some belong to private owners). Lack of clear land title is a problem here due to costly and lengthy administrative or judicial processes. In forestry reserves, current legislation requires owners to demonstrate possession 10 years before the creation of the reserve. Very often this is difficult to demonstrate.

Private lands outside National Parks and Biological Reserves

In most cases, landowners generate higher incomes with agriculture production or cattle grazing than with forests. Forest management is restricted by several factors such as road access, policies, legal regulation, as well as market conditions. It is likely that in a growing economy, more pressure will be put on forests (Joyce, 2006 and Joyce, 2013). Other likely causes of deforestation in private lands could be access to timber resources. This means that failure in enforcing the law, combined with existing timber harvesting regulations may result in barriers to obtain fair income from *Forest lands*.

The findings regarding the behavior of deforestation by regeneration stage that indicates the increase in deforestation at early regenerations stages instead of at the stage of mature forests, it is clear that the cause of deforestation is the ban on use change resulting from the current legislation since owners do not allow that the recovered cover becomes forest. It is argued that legislation and related institutions (Forestry Law 7575 in its article banning land use change and the lack of efficient control) promote more deforestation in early stages of regeneration so as to avoid a conversion into “forests”.

Finally, small peasants and forestry producers (Zuñiga, 2014) argue over-regulation and administrative banning of sustainable management of natural primary and secondary forests; restrictions on access to PES or in the recognition of the values of standing trees to land owners or possessors of natural forests; the lack of competitiveness of the forest use vis a vis alternate use; the weakness of the government in the implementation of control mechanisms as elements that drive deforestation and forest degradation. As barriers to maintain forest carbon reservoirs it is mentioned the difficulties to engage the incentives scheme, to have access to financing and that the government do not promote forestry activities. Regarding activities to increase forestry reserves it is mentioned that there is lack of financing and that the government do not promote the activities as well as the uncertainties deriving from the ban on land use change imposed by the forestry law. Regarding sustainable forests management it is argued as main causes the complexity of procedures to access forestry management as per current schemes.

Areas under special regime, especially indigenous territories

The consolidation of indigenous territories has reached varying degrees of success. Some are still in the early stages of consolidation, *i.e.* the demarcation of their territories on the basis of executive decrees or laws. Others are starting the cadastral, registry and land tenure studies and others are already operating on clarified land-tenure rights or recovering lands occupied by non-indigenous in these territories.

Deforestation in these areas are related to the lack of control by indigenous peoples of their entire territories, as well as lack of ability by the State to avoid irregular land-titling by invaders in indigenous territories. This is done by irregular purchase of land and is enhanced by the lack of a mechanism to recognize land titles which is managed by indigenous peoples.

State lands outside Protected Areas

There is not enough knowledge on the location, magnitude and deforestation trends in these lands. The country has already enacted a legal framework for its planning and control, however the irregular cadastral situation and the lack of concrete measures to incorporate these lands as part of the *Natural State Heritage* prevent a clearer understanding of the situation. According to article 13 of the current Forest Law, the *Natural State Heritage* shall include forests of the national reserves, of those areas declared under full state

control (inalienable), of farms registered as state property including those of Municipalities, autonomous institutions and other agencies of the Public Sector.

Deforestation by forest age & land tenure regime

Forest age is also an important factor driving deforestation in all land tenure regimes (**Figure 4.1.6**). The highest deforestation rates are found in younger forests (<10 years). Conversely, lower deforestation rates are found in older forests. This suggests that people prefer to conserve older forests and that deforestation agents are influenced by legal and economic incentives to clear younger forests.

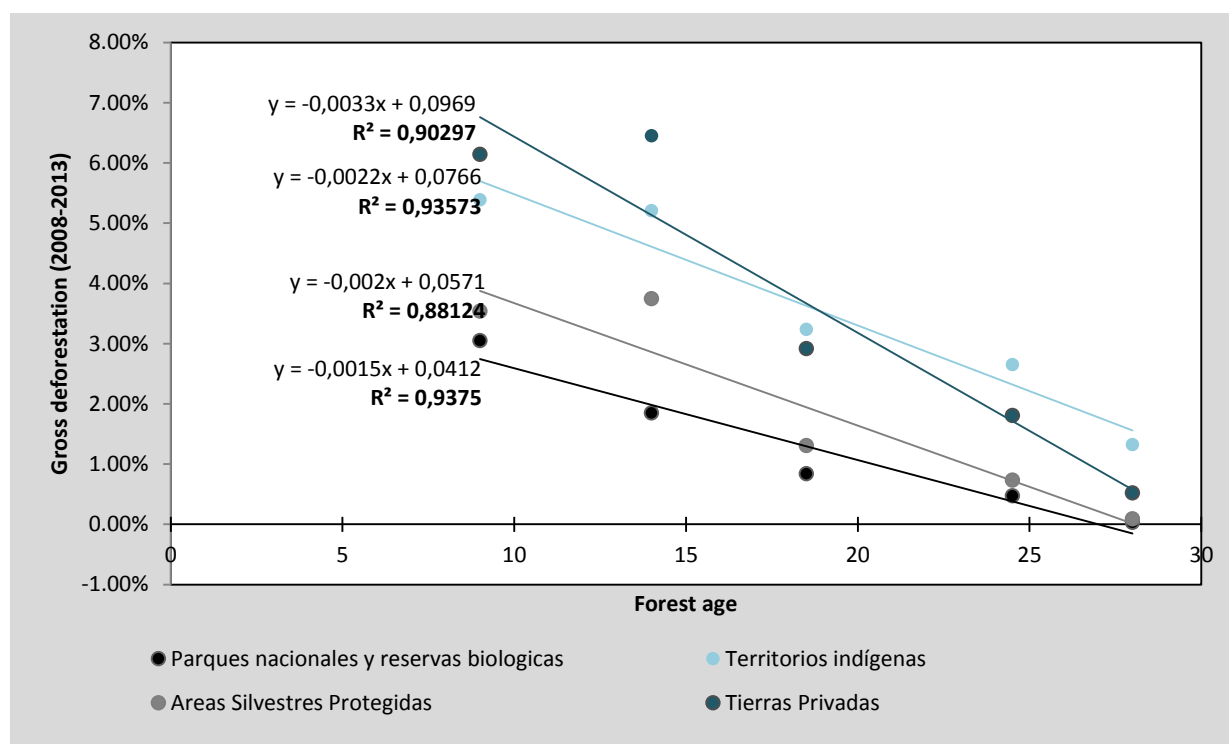


Figure 4.1.6. Gross deforestation by forest age.

Indirect factors for each deforestation homogeneous zone

Table 4.1.2 shows summary information of key factors for each deforestation homogeneous zone. These results are aggregated for all zones and were validated by local communities. The most important factors are related to the competitiveness of agricultural activities. These factors show that deforestation is a mainly economic phenomenon, in which the decisions of changing the land use from forest to other uses are driven by the desire of 1) exploiting timber, or 2) to make an alternate land use. The decisions of conserving forests are made because 3) given the conditions, a higher profitability is NOT obtained by conserving forests (that includes values for ecotourism use, or for research, of future options, personal values, etc.), or 4) the impossibility of doing so, for instance, because of a legal mandate. According to these results, any agricultural policy promoting the alternate use of forests will favor deforestation.

On the other hand, programs such as PES, act by increasing the forest's relative profitability. These must deal with other market situations, such as the behavior of the local price of timber, or the long term price of any product that may foster competition for land use (e.g. melon or pineapple), that increase the general profitability of all the competitive uses of forests. These variations in price may be caused by international situations or even by the improvement of accessibility through infrastructure development.

Different authors have also argued in favor of other factors governing deforestation, such as existing legislation or institutions (*e.g.* Forestry Law). Other factors such as spiritual values towards the forest, household income, labor availability in the zone, educational level, etc., are considered marginal²⁰.

Table 4.1.2. Key indirect factors driving deforestation and forest regeneration.

Indirect factors	Score	Relative contribution
Prices of key agricultural crops	39	24%
Tourism (employment, land value)	15	9%
Urban markets growth and increase of urban demand for derived products	14	8%
Proximity and access to the central valley (control, land price)	13	8%
Changes in employment structure (to urban and tourism)	12	7%
Productive transformation towards agribusiness systems (productive intensification)	12	7%
Demand increase of cattle products	10	6%
Rural-urban migration	9	5%
Foreign labor force, rural labor force availability	7	4%
Appropriate ecological context for cattle	6	4%
Fall of livestock density capacity	5	3%
Fall of livestock density capacity in regions neighboring traditional livestock areas	5	3%
Indigenous productive systems	5	3%
Foreign labor force availability in services sector	4	2%
Land cost increase in neighboring regions	4	2%
Forest moratorium	3	2%
Land cost increase (in other economic activities)	2	1%
<i>Total</i>	165	100%

Summary information on land use change & its drivers

- Generalities: for 1986-2013, changes in primary forests were small. Due to a fall in gross deforestation and an increase in forest regeneration, a net gain in forest cover was observed
- Direct factors driving deforestation and forest regeneration: 70% of *Forest lands* are converted to grasslands, a little over 20% are converted to Croplands and almost 10% to tree plantations. Land converted to *Forest land* was previously grassland (65%), cropland (20%) and tree plantations (20%)
- Land tenure regimes: higher deforestation was observed in private lands. Higher forest regeneration rates were found in State-owned National Parks. There seems to be a gradient of deforestation by land tenure regime (deforestation of 1.4% was observed in Private Lands, 0.9% in mixed-tenure Wilderness Areas, 0.3% in indigenous territories and 0.1% in Protected Areas)
- Forest age: forest age is an important factor driving deforestation in all land tenure regimes; the deforestation rate in forests <15 years was 4.5%, 2.0% in 15-25-year forests and <1.0% in forests >25 years

²⁰ Studies referred to previously show that spiritual values of forests have not a significant relevance, however the issue should be assessed in indigenous territories that includes more than 10% of the country forest cover and where this issue could be relevant (MINAE, 2011; Vallejo, 2013).

- *Deforestation concentration*: higher concentration of deforestation was found in the North Pacific coast and foothills (34% of total deforestation in 1987-2001 and 19% in 2001-2013), the North Caribbean plateau and coast (28% and 31% of total deforestation for 1987-2001 and 2001-2013, respectively), and the South Range (with 6% and 14%, respectively). For forest regeneration, these are the most important regions too. For the same periods, North Pacific coast and foothills 35% and 29%, the North Caribbean plateau and coast 20% and 20%, and South Range 8% and 5%

4.2. Assessment of the major barriers to REDD+

Main barriers to attend deforestation barriers

From the R-PP and ER-PIN analysis, the main barrier to attend deforestation drivers is the opportunity cost of land in private forests, and at the same time, the lack of an efficient and successful forestry sector in the production, industrialization and marketing of wood and other products originating in sustainable management of forest. This implies that the profitability of forestry management is lower to the profitability of agricultural production. In this case, it is assumed that the forestry management, not as REDD+ activity but as an emission reduction measure by deforestation and forest conservation, since it is the only productive alternative explicitly made by the current Forestry Law to forest owners.

Currently, another element is the existence of rights on non-registered lands and consequently over the forest resources, which produces a disadvantage for land holders because this condition prevents them from participating in the Payment for Environmental Services program, since they do not comply with the requirements previously set, or because they are located in areas excluded by the program. For these owners, the lack of requirements is a barrier for forest conservation. The problem of land tenure in different areas under the administration of different State institutions is also a condition that acts a barrier, since those holders have no legal security to remain and develop their lives in such lands.

It is also important to recognize that the private owned areas within Protected Wildlife Areas that have not been expropriated or paid produce a feeling of dissatisfaction in the owners and a general mistrust on the State compliance. Although not formally confirmed, it is possible that the owners incur in criminal actions in adjacent areas as well as in the boundaries of Protected Wildlife Areas. In this case, the barrier is the non-expropriation and the payment of the lands owed by the State and considered part of the State Natural Heritage.

In the case of accidental fires in the forest, the forest fire does not change the land use, unless deliberately used as part of the tools for such purpose²¹. In Costa Rica, from 1998-2014, an average 3,300 ha/year of Forest, 9,700 ha/year of Secondary Forest and 16,400 ha/year of grasslands caught fire²², being theses covers an approximate 90% of the total burnt area. The National Committee on Forest Fires has an ordinary State budget; however, it does not include all fires reported in zones outside of protected wildlife areas (ASP), since its priority is to prevent fires to penetrate the ASP in the first instance, and only then to provide support to private owners outside the ASP. This is a significant barrier and is reflected in the 100% of the burnt area for the 1998-2014 period, the 87% is outside the ASP and only the 13% within the ASP. The records on fire causes are kept since 2007 and of the fires between 2007 and 2014, 24% of the fires were

²¹ Only in case that fires regularly affect a forest ecosystem, let say year by year, with each affectation there is a disruption of the succession process due to severe affectation of regeneration because of exposition to high temperatures during a fire, on one hand. On the other hand, big trees could suffer important damage in its cambium or in its main structures and became weak or eventually die. This could lead to open spaces in the forest leaving space for colonization by herbal species.

²² Data provided by the National Committee on Forest Fires, 1998-2014 period. There are no records on the type of cover changed both in the forest burnt area or in the secondary forest, but the expert criteria is that the percentage is very low. The affectation of forest fires in Costa Rica is for degradation.

caused by grassland burnings, 21% vandalism, 19% agricultural burnings, and 11% hunting activities. Most of the forest fires are caused for accidents outside the forests.

Regarding illegal logging, it is estimated that in Costa Rica it is equal to 36%, understood as the percentage of the wood coming from illegal logging²³, some 200.000 m³ per year. In the consultation to experts made in the aforementioned study, the main causes of illegal logging were identified as procedures with 17%, poor control management 17%, demand of forest products 14% and human needs 11%. Additionally, 50% blamed the State for illegal logging, more than the responsibility attributed to the private sector (22% to consumers and market and 22% to owners). As of this moment, the main barriers for the prevention of illegal logging have been the inefficacy of the existing mechanism and of the monitoring systems to detect forest loss. The functioning of the current control model obeys to the need of covering control and protection actions of immediate response, in a way that their response level in this role is usually reactive before society claims and is not enough to become preventive. There is not an integrated model either, because due to SINAC's organizational structure each conservation area makes an effort to respond to claims and they are all organized independently. This situation hinders management and follow-up of the control policy at the national level, besides the planning and budgeting and the control per strategic results. Currently, SINAC is reviewing the control institutional model on Illegal Logging, in order to improve key features for its functioning, such as scope, structure (organization and components), processes, methodologies, instruments, resources, etc.

In indigenous territories, the main barrier is the poor flexibility of current financial mechanisms to allow the cultural exploitation of forests in indigenous territories. For instance, the Payment for Environmental Services does not permit hunting or the extraction of non-wooden products from areas registered under the modality of conservation, including indigenous territories. This is against the worldview and management ancestral practices. This could cause that they become forest areas outside the Payment for Environmental Services areas to compensate for the need of forest products. Additionally, the presence of non-indigenous population in possession of indigenous territories has been pointed out as an eventual driver of deforestation, given the precarious situation of land tenure rights in those areas, which implies the need to continue moving towards the clarification of rights, in particular in indigenous territories and other areas under special management schemes.

Main barriers for REDD+ and forest conservation

REDD+ in Costa Rica is implemented through forestry and environmental policies that created the National System of Conservation Areas, its illegal logging control programs and forest fires management as well as the Payment for Environmental Services. The private sector has contributed to the reduction of emissions from deforestation through the conservation of forests.

At the governance level, REDD+ faces significant challenges. Its complexity and inter-disciplinary and inter-sectoral scope²⁴ require of capacities which are new in the country. Attaching the existing governance structures might be limited by the legal competence of ministries and institutions. This applies to the implementation framework as well, since REDD+ must be coherent with the other mitigation actions, consistent with the GHG inventory and must provide environmentally sound emission reductions within a Carbon-Neutrality framework. Achieving consistency in the accounting scheme has been an important challenge to the country. It has also been a challenge for the country to properly adapt to the emerging

²³ The estimate of Illegal Forest Logging mentioned in this document comes from the Consultancy Report "Strengthening of the Strategy for prevention and control of illegal logging" developed in the framework of the Preparation for REDD+ along with SINAC, through the offer-demand method. There, consultant Muñoz mentions an estimate made by CATIE (35%) for yr 2001 and the currently performed (37%) for 2011, which are close to the ones perceived by several players consulted by the end of 2014 by the consultant, 36%, understood as the percentage of wood volume coming from illegal logging.

²⁴ Seeking the attention of the deforestation drivers.

methodological frameworks. Regarding the transfer of title to emission reductions, being a requirement of the Carbon Fund, there are land tenure problems in the country, particularly in Protected Wildlife Areas, border areas and indigenous territories in which a transfer may not be legally possible. In terms of financing, the country cannot commit to a highest ambition in emission reduction, without knowing and being sure of the availability of international financing resources.

Consistency with the barriers' analysis of ER-PIN and R-Package

The ER-PIN poses barriers to the implementation of REDD+ through the Payment for Environmental Services program. The scope of this Emissions Reduction Program is nation-wide for the reduction of emissions caused by deforestation, and therefore the magnitude is higher and the scope broader than the barriers considered; however, some of the barriers explained in the ER-PIN are applicable. With regards to deforestation, the barriers explained in the ER-PIN match.

Consistency between the proposed policies and the strategic options of R-PP

The policies, actions and activities included in the Emissions Reduction Program were designed building on the risks identified during the consultation process. These risks derive from the analysis of the strategic options originally incorporated into the R-PP. In the R-PP, the strategic options did not entail sufficient details as to construct a program with specific actions and tasks as contemplated in the policies hereby considered. It is because this common base that the consistency between the strategic options and the Program policies and actions can be assured. For instance, concrete actions to strengthen the National System of Conservation Areas were identified (Strategic option 1), in particular with reference to its capacities to guaranty its integrity, by strengthening fire control and illegal logging strategies. Moreover, actions to integrate national parks and biological reserves were also incorporated (Strategic option 2) in addition to the Protected Wildlife Areas and other State Natural Heritage lands to carbon capture. Likewise, actions to support the regularization measure of rights on areas under special arrangements (Strategic option 3) including indigenous territories were included, so that the land offer for the Payment for Environmental Services can be expanded. The Program also includes actions to maintain the coverage of Payment for Environmental Services in the long term and to broaden its scope (Strategic options 4 and 5). Finally, actions to promote the sustainable production and consumption of Wood are included (Strategic option 6), the strengthening of the control actions by the Agronomists Association (Strategic option 7), and the development of a financing strategy (Strategic option 8) for National REDD+ Strategy as identified in **Section 4.3.**

4.3. Description and justification of the planned actions and interventions under the ER Program that will lead to emission reductions and/or absorptions

Costa Rica's forestry policy is formally defined in National Forestry Development plans. The first Plan was created for 2001-2010 and included a strong participation process with stakeholders. The second Plan currently covers 2011-2020, and this provides continuity to forestry state policies. The Government defined priority areas for implementing the *Forest and Rural Development Program*, in order to support the implementation of the forest policies defined in the second plan. However, public financial resources have been insufficient to cover the costs of the second plan, even though the country has requested loans from the World Bank to fill some of the existing finance gaps.

Fundamentally, Costa Rica has adopted measures to:

- 1) Expand and consolidate a national system of protected areas with different management categories
- 2) Improve operational capabilities to stop illegal logging and ensure the prohibition of *Forest land-use change*

- 3) Strengthen actions to prevent and reduce forest fires
- 4) Strengthen the PES program, both for the conservation of forests and for reforestation with plantations and agroforestry systems
- 5) Improve capacities to incorporate public lands to the *State Natural Heritage*
- 6) Acquire land to improve the integrity of protected areas and forest reserves for production of hydroelectricity

The ER-Program considers the first two National Forest Development Plans, especially the second plan, and is based on its forest policy framework, defining six new policies to reduce emissions, increase absorptions and develop the capacity to improve environmental sustainability and the integrity of these emission reductions.

Costa Rica policies and measures are not aimed at addressing the drivers of deforestation only. Although this is recognized as a critical issue, it may not be the most important challenge the country faces to enhancing forest carbon stocks. The main challenge is to maintain and increase *Forest lands* in an increasingly competitive economic environment with other land uses. That is why the country has made significant efforts to develop a **public policy approach** that enhances synergies between the forestry and agriculture sectors and promotes the integrated management of the landscape, instead of focusing their efforts simply to strengthen the traditional forest policy. Currently we are working on several joint initiatives between the environmental and agriculture sectors, which will be of great importance in the country's future and its potential contribution to reducing global emissions in the land use sector. This is the approach presented in the 6 policies of the ER-Program and has been welcome by the public and private sectors.

Context of the proposed measures

Each REDD+ activity is supported by policies and measures that are additional and/or build upon existing relevant laws (Section 4.5.), which have not been fully implemented due to insufficient human, technical and financial resources²⁵. The proposed policies and measures include all five REDD+ activities, although the reference level (Section 8) includes two activities only. This means that the investment of results-based payments may be done for any of the REDD+ activities, even if these results were a product of the performance of only 2 REDD+ activities. Costa Rica may consider additional REDD+ activities in the reference level in future re-submissions to the UNFCCC and the FCPF Carbon Fund.

Methodology for defining the proposed measures

Costa Rica's strongest proposal to the FCPF Carbon Fund is a set of policy actions that were derived from multi-stakeholder participatory processes. The six policies presented here are a product of ample discussion with government institutions, indigenous peoples, the small- and medium landowner forestry sector, as well as large -scale, industrial forestry sector. These measures are in the form of policies, actions and specific tasks or activities derived from the SESA and during the [information](#) and [pre-consultation](#) phases of National REDD+ Strategy.

²⁵For instance, Article 2 of the Forestry Law defines the authority of the State to execute expropriations of private forest lands in Protected Conservation Areas. However, many expropriations have not been appropriately compensated, an actually have been identified as a driver of deforestation (**Section 4.1.**). Often, proper compensation has not been carried out because the State is unable to assign public financial resources for payment. Currently, the State Forest Administration annually assigns funds for payment of these lands, but it is not sufficient to pay for all the pending expropriations.

The participatory processes were designed to identify risks and opportunities related to the proposed Strategic Options²⁶ included in Costa Rica's [R-PP](#). Over 100 recurring risks and opportunities were identified and grouped in 27 groups, to address reflect ideas. This systematization was done by the REDD+ Secretariat and is publicly available [here](#). Subsequently, five strategic axes and six forestry policies were identified for addressing these risks and to foster opportunities. In addition to this, the REDD+ Secretariat included other specific actions, within the framework of the six policies, according to specific political interests by the Minister of MINAE. This set of policies will be subject to formal national consultation. All policies are part of the ER-Program to the FCPF Carbon Fund.

Furthermore, opportunities to enhance the current set of REDD+ policies have already been identified. For example, Costa Rica is currently finalizing a proposal to the World Bank for developing a "Green and Inclusive Development Plan in Productive Rural Lands". The purpose of this Plan is to capitalize value chains and the provision of ecosystem services in forests and agricultural lands. This is intended to go beyond current restrictive measures and seeks to rehabilitate productive lands. Particularly for the forestry sector, overly restrictive forest management policies are in place, and these have caused a significant reduction of investment in forestry businesses, as well as the development of value chains for forest products.

In summary, the objective of this initiative is to promote green and inclusive development, favoring the application of sustainable productive systems in rural territories with lower development and potentially vulnerable to climate change. Mainly, the Plan seeks to:

- Rehabilitate rural lands, and reduce degradation processes to generate ecosystem services and improve wealth of small- and medium- scale producers,
- Increase productivity and competitiveness of agricultural production and strengthen value chains to increase monetary value of the territories, based on their environmental goods and services,
- Foster enhanced resilience of rural lands by increasing mitigation and adaptation.

There is some redundancy with the ER-Program, which will be solved as the proposal to the World Bank is further advanced.

²⁶ It must be noted that the REDD+ Secretariat performed a consistency analysis of the original strategic options with the six policies, actions and tasks eventually defined, and found full compatibility.

Proposed measures included in the ER-P

Table 4.3.1. Policies, actions and activities included in the ER-P and the National REDD+ Strategy. (It is important to remember that the ER-P is the operational framework proposed by Costa Rica to implement the National REDD+ Strategy).

Policies	Actions
POLICY 1. Guarantee the integrity of the State Natural Heritage and private forests, as well as the Measurement, Report And Verification capacities, according to REDD+'s requirements	<p>ACTION 1.1: Strengthen the operation and financing of SINAC's Forest Fires Management Strategy inside and outside Protected Conservation Areas</p> <p>ACTION 1.2: Strengthen the operation and financing of SINAC's Illegal Logging Control Strategy</p> <p>ACTION 1.3: Strengthen Costa Rica's system for monitoring land use/cover dynamics</p> <p>ACTION 1.4: Develop a strategy to integrate public lands to the State Natural Heritage</p> <p>ACTION 1.5: Contribute to the consolidation of SINAC's Protected Areas System</p> <p>ACTION 1.6: Device synergies between conservation and resilience of the State's Natural Heritage</p> <p>ACTION 1.7: Execute action plans to address direct and underlying causes of deforestation and forest degradation</p>

Policies	Actions
POLICY 2: Promote the comprehensive and harmonious participation of stakeholders in REDD+, including lands under special land-tenure regimes	<p>ACTION 2.1: Prepare a Forestry Development Plan with Indigenous Territories</p> <p>ACTION 2.2: Implement mechanisms for solving conflicts in regards to REDD+</p> <p>ACTION 2.3: Develop mechanisms to promote the participation of agroforestry producers and farmers in REDD+</p>
POLICY 3: Improve capacities in the public and private sectors to manage and promote silvicultural practices in forests and tree plantations, in order to increase competitiveness	<p>ACTION 3.1: Contribute to the implementation of forest policies in the National Forestry Development Plan related to improving management capacities in support of REDD+ implementation</p> <p>ACTION 3.2: Strengthen policies to promote and recognize sustainable agricultural and agroforestry practices</p>
POLICY 4: Promote legal security by supporting clarification and regularization procedures of land tenure and emission reduction rights, with an emphasis on indigenous territories,, public lands and areas under special land-tenure regimes	<p>ACTION 4.1: Address land-tenure and emission reductions rights in indigenous territories</p> <p>ACTION 4.2: Address land-tenure and emission reductions rights in areas under special land-tenure regimes</p> <p>ACTION 4.3: Address land-tenure and emission reductions rights in public lands</p> <p>ACTION 4.4: Promote consistency in the delimitations rules for areas under special land-tenure regimes</p>

Policies	Actions
POLICY 5: Increase opportunities for all stakeholders to receive benefits from REDD+ activities, as well as those addressing deforestation and forest degradation	<p>ACTION 5.1: Plan land use as a function of the potential contribution of areas to REDD+ objectives</p> <p>ACTION 5.2: Improve competitiveness of forestry and agroforestry financing mechanisms, also in relation to other land uses</p> <p>ACTION 5.3: Broaden financing sources and consolidate a benefit sharing mechanism, which is consistent with the goals of the National REDD+ Strategy.</p> <p>ACTION 5.4: Promote tree planting in urban public zones</p>
POLICY 6: Guarantee the operation of participation, follow-up and accountability mechanisms, consistent with technical, methodological and political provisions applicable to REDD+	<p>ACTION 6.1: Design, test and implement a Safeguards Information System (SIS)</p> <p>ACTION 6.2: Implementation and follow-up of the Social and Environmental Management Framework (ESMF)</p> <p>ACTION 6.3: Achieve a sound Measurement, Reporting and Verification (MRV); consider other methodological issues</p> <p>ACTION 6.4: Consider gender, youth and the participation of other relevant groups</p>

Implementation, Monitoring and Evaluation of policies, actions and activities

The ER-Program is implemented at the national level. Costa Rica's goal is to reduce emissions in different ways and to enable the implementation of multiple activities with different stakeholders. As a whole, these activities are expected to have a global impact on total net emissions at the national level, reflected in terms a decrease in t CO₂-e yr⁻¹, according to the national GHG inventory and measured against a reference level. Determining the individualized impact of each policy, action and activity proposed here is not a goal of the ER-Program or of the monitoring system described later in the document (**Section 9**). Hence, emission reductions may be a product of multiple types of interventions. Interventions may not have the same impact across the country, so different combinations of activities may be required to effectively reduce emissions.

In order to assess performance of specific policies, actions and activities, the implementing entities will define the required indicators in their monitoring and evaluation (M&E) frameworks, without implying that these indicators should be measured in terms of t CO₂-e yr⁻¹. Those policies, actions and activities implemented by public institutions are required to have M&E provisions, based on MIDEPLAN's guidelines, which are not sector-based (*i.e.* indigenous territories, farmers and forestry producers). In this way, and with support from CENIGA, these indicators will be compiled to produce reports on the effectiveness of the policies, actions and activities. These reports will be defined in collaboration with CENIGA in 2016.

Despite the fact that specific policies, activities and actions are not monitored in terms of t CO₂-e yr⁻¹, some of the measures will have a stronger impact on the reduction of emissions. For example, expanding the PES program, as well as enhancing the Illegal Logging Control and Forest Fires Management strategies by SINAC. How these measures are financed will be discussed in the context of the benefit sharing mechanism (**Section 15**). Since MRV will be biennial (**Section 9**), Costa Rica will produce regular information to understand the collective impact of these policies, actions and activities.

Consistency of policies with the attention of drivers of deforestation

The Emissions Reduction Program plans to attend the deforestation and degradation drivers, as identified in the country and during REDD+ implementation. Specifically, on deforestation drivers, there is a description below on how political actions support the attention of identified drivers (**Table 4.3.2.**).

Table 4.3.2. Indirect factors and attention of deforestation drivers by political actions proposed in the Emissions Reduction Program.

Indirect factors	Political attention
Tenure regime	<p>National REDD+ Strategy strengthens and consolidates the situation in tenure arrangements with proven lower deforestation:</p> <p>Policy 1 contains actions to develop and consolidate public lands and integrate them to the State Natural Heritage, guaranteeing that they belong to arrangements of proven lower deforestation. It also intends to contribute to the consolidation of the Protected Areas National System, by increasing the financing for land purchases, financing the tenure inventory within Protected Wildlife Areas, etc.</p> <p>Policy 2 is aimed at finding mechanisms to encourage and strengthen the participation of populations of farmers and agro producers in the so-called "areas under special management" (indigenous territories, wildlife refuges and other types of protected areas, refuges and bordering reserves, maritime zone) in which there are conflicting conditions particularly regarding the rights of land tenure.</p> <p>Policy 4 also seeks solutions to the problems of land tenure and therefore carbon rights in areas under special management, as well as improving the delimitation of these zones.</p>
Forest age	<p>Actions to increase control over the change of use in all ages of the forest and on the other hand to make monetary recognition and incentives for forest regeneration are being promoted, since that has been the driving force in recent years anyway in improving forest cover in the country.</p> <p>Policy 1 has actions that strengthen the supervision and control within PAs, and in some cases outside of PAs (strengthening the National System of Conservation Areas, Agronomists Association and the Regional and Local Committees for Conservation Areas, volunteering, etc.)</p>

	<p>Policy 5 improves the competitiveness of the financing mechanisms for forest and agro forestry ecosystems in relation to other land uses, motivating forest maintenance from an early age. One of them is the strengthening of the existing modalities of FONAFIFO's Environmental Services, amongst which reforestation is found.</p>
Deforestation concentration	<p>In the context of REDD + the level of carbon has already been identified; the places with the most problems and policy actions both for protection categories of Protected Wildlife Areas and of land in special arrangements and private lands, can be properly oriented.</p> <p>Policy 1 promotes the constant updating of deforestation causes and the review and alignment of policies to address the findings. So existing instruments such as the Payment for Environmental Services or the control of the State Forestry Administration can emphasize problem areas.</p> <p>Policy 6 guarantees that through the mechanisms established for the participation of multiple stakeholders, as well as robust monitoring system that covers the entire national territory, allow follow up actions and the results thereof at the local level.</p>
Low competitiveness with regards to the alternatives	<p>The National Forestry Development Plan is reinforced by strengthening the forestry sector at all stages of the production chain of wood and "profitability" of conservation increases.</p> <p>Policy 5 is fully aimed at strengthening investment opportunities in both traditional (Payment for Environmental Services and the like) and new (Payment for Environmental Services to indigenous peoples/peasants) methods to enable the participation of the widest variety of actors and activity modalities and therefore improve the alternative profitability of forest and tree systems in non-forest lands.</p>

	<p>Policy 2 provides mechanisms to encourage the participation of agro forestry and peasant producers in REDD+.</p> <p>Policy 3 provides for the promotion and recognition of sustainable agricultural and agro forestry practices, and the generation of business models and participation of the academy in strengthening the sector.</p>
Labor force, migrations, social support	<p>Overall, although the migrations issue is not treated, the strategy as such represents a transfer of resources from other sectors, mostly urban and international, to the Costa Rican rural sector.</p> <p>Policies 2, 3 and 5 related to increasing the competitiveness of forestry activities will implicitly improve salaries and the socio-economic conditions of families dedicated to agro forestry.</p> <p>Policy 6, by promoting the implementation of the Environmental and Social Management Framework (including compliance with safeguards) and expanding the participation of other population segments, contributes that rural areas are represented and enjoy MDB benefits through REDD +.</p>

4.4. Assessment of land and resource tenure in the accounting area

Assessment methodology of land and resource tenure

Costa Rica's REDD+ Secretariat made an analysis on land and resource tenure, in order to inform the potential transfer of titles to emission reductions and the challenges and opportunities of REDD+ implementation. A summary of the main results follows.

Land tenure modalities

In Costa Rica, lands can be classified as: a) Public domain lands, b) Private domain lands held by private parties, and c) Private domain lands owned by Public institutions.

Some other land tenure classifications condition its use, such as:

- Private rights over land, referred to property right or possession right and other use rights derived; here we have private owners of registered lands and holders of non-registered lands
- Rights on state lands, of which public sector institutions are owners and
- Collective rights on lands in indigenous territories whose title holders are Indigenous Integral Development Associations

Legal situation of different tenure forms

Property rights can be registered or not at the National Registry, in which case it is known as possession. Property rights in Costa Rica are covered at the constitutional level (Art. 45), and are developed in the Civil Code including possession, use and enjoyment, transformation and alienation, defense and exclusion and restitution and indemnification rights.

As part of the Costa Rican reality, there is an important part of the national territory under public or private property without titling problems, as well as a wide territory under different management categories that are part of the State Natural Heritage. These properties also have the guaranty of registrar publicity provided by the National Registry, as a protection tool in front of third parties. There is also legislation that covers other type of land tenure such as the possession, which constitutes a minor part of the national territory, allowing the registration of such rights.

There can be some limitations referred to annotations and liens in the registration at the Real Estate Registry related to the property rights that could eventually jeopardize participation in the REDD program, but it cannot be affirmed at this time, because it will depend on the flexibility of the negotiation related to the legal requirements for the transfer of titles on emission reductions.

Indigenous collective rights on lands

The regulations on indigenous territories go back to 1939; Indigenous Law No. 6172 set forth that the indigenous reserves remain the property of indigenous communities and are inalienable and imprescriptible and must be registered at the National Registrar under their name; their size cannot be modified but by Law. These changes have been reinforced with the adhesion to relevant international agreements. The Indigenous law sets that non-indigenous people who are good faith owners or holders within the indigenous reserves shall be relocated in similar lands, if they wish so; if it is not possible to relocate them or if they do not accept the relocation, it will be necessary to expropriate and indemnify them in accordance with the procedures set forth in the Expropriations Law by the Lands and Colonization Institute, currently the Rural Development Institute. The expropriation and indemnification studies and procedures will be performed by that institution in coordination with the National Commission on Indigenous Affairs. Bad faith owners shall

be evicted in the case of simple holders and in case of owners, it would be necessary to file a judicial proceeding for the invalidity of the respective title.

In the case of indigenous territories, the legislation is very clear; the problem is that it has not been followed by all the competent State institutions and no resources have been allocated as set forth in the National Commission on Indigenous Affairs for the execution of actions tending to recover the lands and make them available to the indigenous population as it legally corresponds. In concrete, the Rural Development Institute has not demarcated the indigenous territories and for this reason, the National Commission on Indigenous Affairs has not been able of performing the population census of indigenous peoples and therefore there is lack of formal identification of non-indigenous occupants that exercise occupation.

There are also overlaps of lands belonging to indigenous territories that are also part of declared protected wildlife areas. If these lands are registered as part of the indigenous territories, then the rights of indigenous peoples represented by the Associations of Indigenous Integral Development prevail.

Regarding land-tenure conflicts in indigenous territories, there exists a detailed identification on such conflicts, generated as part of the REDD+ readiness, in particular those related to lands occupied by non-indigenous people.

Rights on state lands

The State, autonomous institutions and Municipalities own rights on lands, some of public dominion, and other private property of those institutions, which for the purposes of interest are analyzed as follows:

State Natural Heritage

Was created in 1969 and is comprised by the forests and forest lands of national reserves, inalienable areas, properties registered under its name and those that belong to municipalities, autonomous institutions and other Public Administration organizations. They are non-transferable and inalienable. This Heritage constitutes a restrictive regime regarding land uses; research activities, training and ecotourism are the only activities accepted, prior permit. National reserves per Art. 11 of the Lands and Colonization Law No. 2825, and Art. 261 of the Civil Code are lands that are not registered as private property and are not covered by the ten-year possession rule.

Rural Development Institute

The Rural Development Institute, as part of its duties, has developed the titling of lands on behalf of private parties for a long time; however, from the judicial rulings and Declarations of the General Comptroller's Office of the Republic ordering the recovery of lands that were granted titles, it has been necessary to start administrative adverse effects and judicial proceedings requesting their invalidation.

Border zone 2000 meters

Border zones in an extension of 2,000 meters wide along the border were also declared inalienable and non-susceptible of acquisition through denounce or possession per Law No. 2825 of 10/14/1961 and its amendments. However, there are people in these zones with possession rights from many years ago.

In the case of possession rights that could exist in the areas that were national reserves or within the border zone, the holders cannot legalize their possession rights because the legislation is too old, and therefore it is impossible for them to show their rights existed prior to those laws. The Rural Development Institute is processing the invalidation of titles in this area in order to recover the assigned lands, before the Contentious-Administrative Treasury and Civil Courts.

Port Management and Economic Development Board of the Atlantic Coast

The Port Management and Economic Development Board of the Atlantic Coast is the owner of the State lands located in the area crossed by navigable canals that comprehend a ten kilometers area from the sea and inland, parallel to the coast and a strip of three kilometers width, parallel to both sides of the rivers and

the canals managed by the Board, in the province of Limón. Likewise, those lands were occupied under institutional tolerance by local population that accumulated possession rights for many years. In order to contribute in solving the land tenure problem in this region, special law No. 9205 published in La Gaceta No. 40 on 2/26/14 was issued, authorizing the institution to issue titles within the aforementioned strip, based on the Possession Law, prior determination of the Ministry of the Environment and Energy of the areas that constitute State Natural Heritage.

Regarding land-tenure conflicts in non-indigenous populations, it is important to note that even if there is clarity in terms of the current conflicts, there is not an explicit information available on each of the conflicts, since it will require a broad study that is not available, however the country has been implementing important efforts to update the cadastral information at the national scale. These efforts, led by the National Cadaster and the Public Property Registry have generated important information than can help in further efforts to clarify land-tenure rights in the country.

Taking the foregoing into account, for the implementation of the REDD program, there is current disposition on titles on State private property lands part of the State Natural Heritage, the lands that are private property of individual persons and the lands property of Indigenous Development Associations that are under the Payment for Environmental Services program.

Likewise, at a later stage, the lands registered as private property will be disposed of and will be entered in some sort of agreement in which they will transfer their titles to the State to be negotiated. With regards to rights of possession on non-registered lands, Law No. 8640, article 9 will be applied, that enables the Payment for Environmental Services to non-registered land holders for the case of forest protection, under certain requirements²⁷; holders within or outside areas belonging or assigned to the State that comply with the requirements of admissibility into the system according to the aforementioned law are included in this provision.

The experience in the Payment for Environmental Services shows that most of the requests processed correspond to properties registered and a small number of non-registered properties that can be included in the program as mentioned, based on the application of Law No. 8640.

Options for addressing existing land tenure conflicts

1. The current legislation and its interpretation in some cases, supports the eviction of the holders, the invalidation of the titles and cadastral plans, in order to consolidate the State Natural Heritage. For this purpose, it is necessary for the judicial offices to intervene and apply the legislation, invalidating titles and cadastral plans if corresponding, or defining the indemnifications for good faith holders.
2. Legislation to clarify the possession rights situation, permitting a solution for land tenure. It is a legislative reform to take care of the problem in an integral manner, because so far the efforts to partially amend the law to solve the problems have not been successful. This reform requires a modification in the scope on the form of doing conservation different than the current one, considering the people within the conservation dynamics of natural resources.

²⁷ Law No. 8640 has allowed the National Fund for Forest Financing to grant the Payment for Environmental Services to forest holders, and in this sense, it allows the legitimization of the acknowledgment of mitigation actions to those land holders who may receive the corresponding payment within the National REDD+ Strategy, as long as they can comply with the requirements there set.

3. Also for the case of situations showing some level of incertitude even in the case of ownership of registered lands, the figure of payment for results or of year due currently applied for the Payment for Environmental Services can result in an instrument to favor the payment in those lands, reducing the risk of reversals.
4. In relation to other indigenous territories, what corresponds is the compliance of the legislation by the institutions involved, in order to reconstitute the indigenous population of the lands occupied by non-indigenous people.

In cases where overlaps are found with wildlife protected areas in territories registered as part of an indigenous territory, a way forward is to reach an agreement and the proper arrangements with the respective Association of Indigenous Integral Development, through which these Associations could transfer the rights to the Government, to be negotiated, to the extent that the Government is the legitimate entity to claim for the emission reductions on those lands. This situation that affects some indigenous territories, is also been addressed in the context of updating the national forest development plan, that will include a specific chapter on forestry policy in the indigenous territories.

The Program will positively impact on owners and possessors of land due to the valuation deriving from the emission reduction actions they will perform. Furthermore, it will also contribute to address problems related to land-tenure issues through the deployment of actions specifically designed to solve these problems and that are included in the program. On the other hand, it is clear that there is no intention in the program to significantly contribute to solve the current land-tenure related problems since this is far beyond the possibilities of the national REDD+ strategy and involves a broad range of governmental institutions.

4.5. Analysis of laws, statutes and other regulatory frameworks

Legal framework on climate change and the forestry sector in Costa Rica

Climate change and international regulations

Costa Rica has been proactive in promoting and participating in the international conventions and agreements for environmental protection (**Table 4.5.1.**). Additionally, it must be mentioned that the international agreements, per article 7 of the Costa Rican Political Constitution, have a higher rank than regular national laws. Said hierarchy is ratified in article of the Public Administration General Law N° 6227, 2/5/1978.

Table 4.5.1. Main international conventions and agreements related to climate change and environmental protection ratified by Costa Rica.

Law	Convention Name	Date
Law N° 7414	United Nations Framework Convention on Climate Change	La Gaceta N° 126 of 7/4/94
Law N° 7513	Central American Convention on climate changes Guatemala	La Gaceta N° 128 of 7/6/1995
Law N° 5605	Convention on International Trade in Endangered Species of Wild Flora and Fauna	1/28/1975
Law N° 7224	Convention on Wetlands of International Importance especially as Waterfowl Habitat (RAMSAR Convention)	La Gaceta N° 86 de 8/5/1991

Law N° 7226	Central American Convention for Environmental Protection (Constitutes the Central American Committee for Environment and Development)	La Gaceta N° 88 of 5/10/1991
Law N° 7416	Convention on Biological Diversity	La Gaceta N° 143 of 7/28/1994
Law N° 7433	Convention for the conservation of biodiversity and the protection of priority wildlife areas in Central America	La Gaceta N° 193 of 10/11/1994
Law N° 7572	Regional convention for the management and conservation of forest ecosystems and the development of Tree plantations	La Gaceta N° 47 of 3/6/1996
Law N° 7699	United Nations Convention to Combat Desertification and Drought, in particular in African countries	La Gaceta of 11/3/1997

National forestry sector

In relation to specific legislation issued at the country level that aims to protect the forest, it must be started by the Political Constitution which is the highest norm, which in Article 50 incorporated the right of all people to enjoy a healthy and ecologically balanced environment, consistent with that principle, several Laws, regulations and executive decrees exist, whose purpose is ensuring the conservation of the environment, which are detailed below (**Table 4.5.2.**).

Table 4.5.2. Legal framework applicable to the national forestry sector.

Forestry Law N° 7575 of 4/14/1996 and its Forestry Regulation, Decree N° 25721-MINAE of 10/17/1996 as amended.

The Law states as a function of the State to "ensure the conservation, protection and management of natural forests and the production, exploitation, industrialization and promotion of the country's forest resources." Prohibits changing the land use in forest-covered land and regulates the conditions for its use; regulates the industrialization and export of round wood. Creates the figure of forest regents and involves civil society in the protection and conservation of forests and forest lands, defines environmental services and creates the National Forestry Financing Fund to finance sustainable management of forest activities, reforestation, agro forestry systems, recovery of denuded areas, improved utilization and industrialization and for the Payment for Environmental Services of forests and plantations. In relation to protected wildlife areas it grants the State the authority to expropriate private domain lands; it establishes the State Natural Heritage and regulates the activities that the State may authorize; creates the protection areas. It also includes a chapter on offenses and penalties for invasion of the State Natural Heritage, the use of forest resources without permission and environmental damage.

Executive Decree N° 38323-MINAE, La Gaceta N° 72 of 2/14/2014.

Regulates the Payment for Environmental Services, which is complemented with the Manual for Payment of Environmental Services, published in La Gaceta No. 46 of 3/6/2009, as amended, which provides for all the procedures for awarding payments for environmental services.

Decree N° 27998-MINAE, of 6/22/1999.

Sets the Principles, Criteria and Indicators for the Sustainable Management of Secondary Forests and the Forestry Certification in Costa Rica.

Executive Decree N° 27388-MINAE of 9/18/1998.

On Principles, Criteria and Indicators for the Exploitation and Management of Forests and Certification.

Executive Decree N° 34559- MINAE of 1/8/2008.

Sets the Sustainability Standards for Natural Forests Management: Principles, Criteria and Indicators, Code of Practices and Procedural Manual and the Regulations on Forestry Regencies.

Decree N° 38444-MINAE of 2/20/2014.

Regulates the requirements for the accreditation of forestry regents, develops the duties both of the regents, and of their Professional Association; it also includes all the formal procedures for the performance of regencies and sanctions in case of failure.

Executive Decree N° 25700-MINAE of 11/15/1996.

Sets a comprehensive and complete ban on the exploitation of endangered trees.

Organic Law of Environment N° 7554 de 10/4/1995.

Sets the Environmental Impact Assessment as a tool to protect the environment and creates the National Environmental Technical Secretariat as the office competent to perform them. Reiterates the authority of the Executive Branch to establish protected wildlife areas and to include as part of these private farms, establishing the expropriation as a means to achieve it, forbids the reduction of these areas unless technical studies justifying the change are issued. Creates the Environment Comptroller's office attached to the Minister of the Environment and Energy. Provides for administrative sanctions before the violation of rules that might be harmful to the environment and creates the Environmental Administrative Tribunal as a decentralized entity of MINAE, with exclusive competence and functional independence in the performance of its duties; its rulings will be mandatory. These instruments have been applied contributing in great extent with the conservation of the environment.

Biodiversity Law N° 7788 of 4/30/1998 and its Regulation, Executive Decree N° 34433-MINAE of 3/11/2008.

Article 22 creates the National System of Conservation Areas, a decentralized body of the Ministry of the Environment and Energy, which integrates the competences in forestry, wildlife and protected areas. It is in charge of the management and institutional coordination in order to plan and execute actions, as well as the issuance of policies to ensure the sustainable management of natural resources. The system incorporates the Directorate General of Wildlife, the State Forestry Administration and the National Parks Service that will fulfill their duties and responsibilities as a single instance, using the administrative structure of the System, without prejudice to the purposes for which they were established. Includes rules that promote the adoption of incentives and compensation for environmental services for the conservation and sustainable use of components of biodiversity, including criteria that respond to principles of environmental law of great importance for conservation, such as the precautionary principle or *indubio pro natura*, the environmental public interest and integration. It also refers to the payment for environmental services, as incentives for the conservation of biodiversity

National Parks Service Law, N° 6084 of 8/24/1977.

Sets prohibited or permitted activities within the national parks.

Land Use, management and Conservation Law, N° 7779 of 4/30/1998 and its regulation, Executive Decree N° 29375-MAG of 8/8/2000.

It aims to protect, conserve and improve lands in integrated and sustainable management with the other natural resources; it states that the Ministry of Agriculture and Cattle Farming shall coordinate with the Ministry of the Environment and Energy the management actions for land conservation and the conservation of environmental resources and regulates matters related to use practices, management and soil remediation.

Law for the Development, promotion and enhancement of organic agricultural activities, N° 8591 of 6/28/2007.

Defines the agricultural environmental benefits, including the mitigation of GHG emissions by means of fixing, reducing, seizing, storing and absorbing; the protection of water; the protection of biodiversity in

integral organic agricultural systems, for their conservation and sustainable use, as well as the protection of organic agro-ecosystems.

The Indigenous Law N° 6172 of 11/29/1977 and its Regulation, Executive Decree No. 8487 of April 26, 1978 and Executive Decree No. 13568 of April 30, 1982 (Legal representation of Indigenous Communities by Development Associations as Local Governments).

Sets the inalienable and imprescriptible character of indigenous territories, stating that they are the property of indigenous communities; it also includes the rule mentioned in article 7 according to which forest lands must keep said nature in order to maintain the hydrological balance of watersheds, conserve wildlife; as a principle, it states that natural resources must be exploited in a rational manner.

Legal framework specific for REDD+ in Costa Rica

REDD+ Preparation

Executive Decree N° 37352-MINAET of 8/27/2012, published in La Gaceta N° 220 of 11/14/2012 sets the legal framework for the coordination and preparation of REDD+. This executive decree implements the Executive Secretariat that works as the support to the National Fund for Forest Financing in the design of National REDD+ Strategy, per the terms and conditions set forth in the FCPF Readiness Donation agreement, donation TF012692. This Secretariat is assigned with duties such as the development of the consultation plan, the execution of the Social and Environmental Strategic Assessment, the development of a forest reference level and the preparation of National REDD+ Strategy. The National Fund for Forest Financing is defined as the headquarters for the Secretariat. The decree also created a REDD+ Executive Committee and assigns it specific roles. Currently, said decree is undergoing an amendment in such a way that it clarifies the specific duties and responsibilities of the different public organizations involved in the implementation of the Emissions Reduction Program, as well as other provisions related to the safeguards and participation mechanisms of the relevant stakeholders in the implementation of the Emissions Reduction Program, as well as other provisions related to the safeguards and participation mechanisms of the relevant stakeholders. Since the aforementioned decree is still under negotiation, more explicit institutional arrangements are not included.

With a view of improving the implementation framework of National REDD+ Strategy and the Emissions Reduction Programs, a decree is being prepared to clarify the roles and responsibilities of the different relevant stakeholders. At this moment, there is a bipartite committee between and the relevant stakeholders represented at the National Forestry Office.

REDD+ Implementation

The legislation addressed to protect natural resources in Costa Rica is abundant and even though some weaknesses can be identified related to the legal interpretation, confusion about some competences and lack of institutional and financial capacity for their compliance in some areas, it can be affirmed that overall, its contents provide sufficient support for the policies, actions and activities proposed by the National REDD+ Strategy and in the Emissions Reduction Program. The decree also includes regulations that clarify the issue related to the administrating entity of the Strategy which shall be the State Forestry Administration through the National System of Conservation Areas and the National Fund for Forest Financing for the competences of each institution according to the legislation in force.

Notwithstanding the foregoing, there are some features that the legislation might need to amend for it to be harmonic with other rules of higher rank, such as the handling of natural resources by indigenous peoples so that their right of self-determination and autonomy is included; however, taking into consideration the implications of a legal reform, it is possible to improve the regulations by means of executive decrees, that would not prevent the subsequent legislative amendment. The topics related to the participation and insertion in areas under special arrangements may be strengthened with the issuance or amendment of executive decrees to strengthen their participation according to the particular features of each group.

Regarding the legal security related to land tenure, the legislation provides legal tools to move forward in this process, such as the case of the indigenous territories. For other tenure rights included within the two thousand meters border zone, the State Natural Heritage, the lands under administration of the Port Management and Economic Development Board of the Atlantic Coast, titling projects of the Rural Development Institute, the situation is complex and although there is legislation related to land tenure, it does not respond to the existing reality, and the interpretation of the rules is made both at the administrative and judicial levels, that do not favor land holders. In order to solve the land tenure problem, a legal reform is necessary to include innovative ways to conserve natural resources, allowing for the integration of local populations.

Finally, it would also be appropriate to amend the definition of the environmental services at the legal level, allowing the incorporation of other type of activities in addition to those appearing in the legislation in force.

4.6. Expected lifetime of the proposed ER Program

Implementation period of actions and interventions

The main political actions that the country implements in the forestry sector are based on current legislation have public resource sources in the framework of the National Planning System and budget. The Payment for Environmental Services program is the largest investment and it has resources granted by Law or regulations, either due to taxes on fuel or for water use fees. The foregoing implies that the main policies for forest conservation are guaranteed ad perpetual, at least as long as the legal framework remains valid, and it is very unlikely that it will be amended in the short term because of the high level of social support that these initiatives have. On the other hand, the country is working on a long term financing strategy to produce appropriate conditions to guarantee the sustainability of the National REDD+ Strategy, including access options to financial resources from the private sector, the World Bank (Green and Inclusive Development Program in Productive Rural Areas), the Climate Green Fund and bilateral cooperation.

The Emissions Reduction Program will be implemented in the 2010-2025 period. This, considering the formal finalization of the Carbon Fund in 2025 and the country assessment on the Nationally Determined Intended Contributions to be submitted before the United Nations Framework Convention on Climate Change during the 2020-2025 period. In this sense, the Program will be part of a larger effort that the country will exercise in order to move sufficient financial funds for the full implementation of the National REDD+ Strategy.

5. Stakeholder Consultation and Participation

5.1. Description of stakeholder consultation process

Relationship between REDD+'s National Strategy and the Emission Reduction Program consultation process

The policies, actions and activities proposed in the Emissions Reduction Program Document are an integral part of Costa Rica's REDD+ National Strategy. Both documents were developed and discussed with a wide participation of relevant stakeholders. This process will continue until March 2016, to obtain their final feedback. The above-mentioned is developed in the consultation process framework, which was defined since the beginning of REDD+ readiness phase. The consultation process is composed by three stages: information, pre-consultation and consultation. The Policies and actions proposed in the Program and in the Strategy are a result of the information and pre-consultation stages, which included the systematization of risks and opportunities identified by the relevant stakeholders during the Social and Environmental Strategic Assessment (SESA).

The SESA workshop was held in 2011. It was an activity in which the stakeholders validated the different actors that encompass the forestry sector. The relevant stakeholders were defined as indigenous people, small and medium forestry producers, wood industries, academy and government. The stakeholders mentioned above, are now parties of REDD+ Executive Committee. During the workshop they also developed their feedback for Costa Rica's Readiness Preparation Proposal (R-PP). As a result of this workshop, the stakeholders provided the main risks and opportunities of the strategic options proposed in the R-PP. This risks and opportunities are approached in the Environmental and Social Management Framework. The process developed to define the policies, actions and activities is explained in **Section 4.3.**, sub-section [Methodology for the definition of the measures proposed](#). During this SESA workshop, the stakeholders identified benefits as well, categorized as non- carbon benefits, which were concised and prioritized. This non- carbon benefits are described in sections 16.1 and 16.2. In the policies benefit-cost assessment - which is currently developing- the non-carbon benefits will be specially modeled, in order to identify potential areas that will enable more benefits.

As part of the feedback process, in August 2015, the National REDD+ Strategy and the Emissions Reduction Program were presented to the Executive Committee, as the representative entity of Relevant Stakeholders. It was also presented to a larger audience, constituted by members from the social and private forestry sector. During both meetings, participants' comments were compiled and then incorporated in both document's relevant sections. Even though the consultation process is going to be extended until March 2016, no substantive modifications regarding proposals on policies and actions are expected; however, if that was the case, all contributions will be incorporated in updated versions of both documents. As part of the given participatory approach, both documents must be dynamic and they have to properly adjust, as information or political decisions arise in order to attend political goals or the relevant stakeholders' needs. These might arise as part of the consultation process itself, or from the Information, Feedback and Disconformities Mechanism, described in Section 14 of this document.

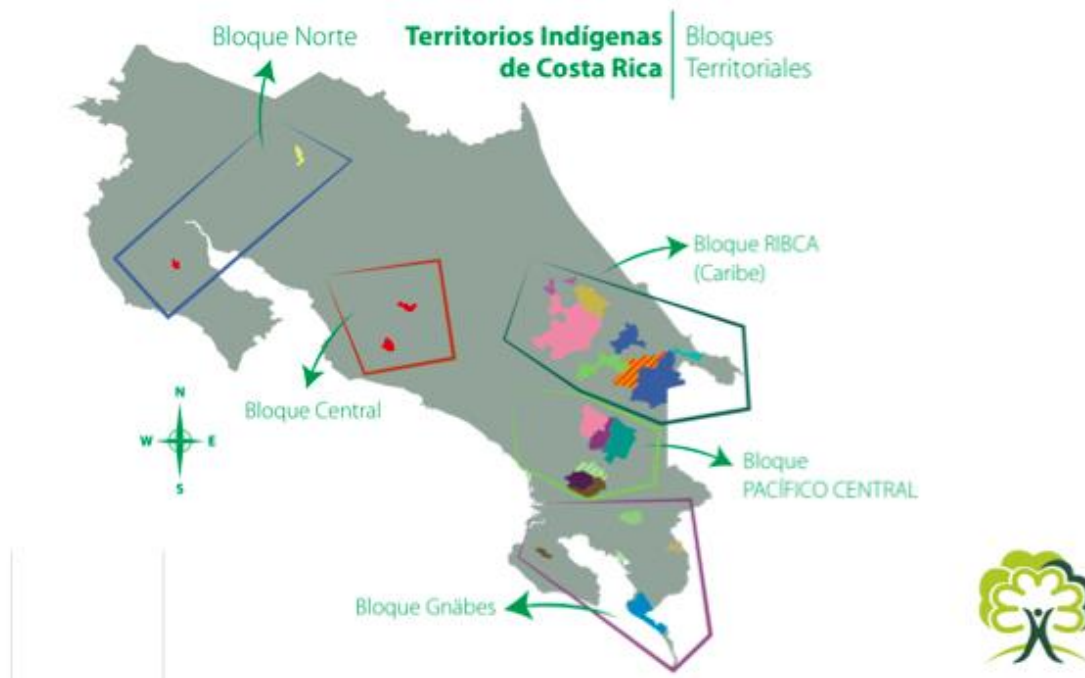


Figure 5.1.1. Structure of indigenous groups and territories in Costa Rica.

Consultation and exchange information mechanisms during the design of policies, actions and activities

As shown in the figure above, Costa Rica's twenty four indigenous communities, decided to organize themselves into four territorial groups, gathered according to their resemblances regarding geographic location, culture and worldview,. They also established their participation process during REDD+'s readiness phase, taking into account their culture and national and international legislation.

Indigenous people, defined that their participation would be based into a three-stage process: *information*: corresponding to a culturally appropriate explanation about REDD+ and the progress made during readiness phase, including a continuous communication process, informing about the main achievements and following steps. For this purpose, the cultural mediators program was implemented. Cultural mediators are indigenous people trained in topics related to REDD+, which have the ability of bringing simplified information in their own languages, using the same REDD+ conceptualization from their worldview. They developed this process through dialogues within the indigenous action plan. Additionally, cultural mediators performed using culturally appropriate materials, which were designed using a participatory approach, as a result of the participative communication plans that established the appropriate communication channels to spread the information. The second stage corresponded to *pre-consultation* was the space in which the analytical discussion on the indigenous special topics, safeguards, co-benefits and related aspects was undertaken. Finally, the *consultation* stage as so, is the final validation of REDD+ Strategy.

Likewise, in order to guarantee a sustainable dialogue with indigenous people, and upon their request, an indigenous committee shall be created. This entity will meet three times a year to keep an active dialogue with the government. The Committee's aim is to have a constant feedback in all REDD+'s stages.

Moreover, forestry and agro-forestry producers established their own participation structure as well. In 2012-2013, a series of informative activities regarding REDD+ and its relation with the small and medium agroforestry producers were held along the country's regions and sub-regions. The participants defined the sector's representative structure during said meetings. In 2014, six regional workshops and a national

workshop were held, as part of the early dialogue initiative, to discuss drivers of deforestation and degradation in each region. During the activities, they also analyzed REDD+'s strategic options, providing feedback and defining possible risks according to the sector's needs and perspectives. The activities mentioned above contributed with the proper feedback to the elaborate the policies, actions and activities of Costa Rica's REDD+ National Strategy. These discussions deepened in 2015. During this process contributions were compiled into a payment for environmental services proposal, addressed to small forestry and agro-forestry producers. This proposal was included as a political action within the National REDD+ Strategy.

Understandable language and mechanism's cultural appropriate approach

As described in the preceding section, the information process is based on a participative communication strategy that contemplates the cultural mediators program, as well as the culturally appropriate communication channels, which were defined jointly with the indigenous people. In this sense, didactic materials, such as banners with information about climate change, the importance of carbon in forests and REDD+ activities were prepared to enhance the cultural mediator's performance. Furthermore, two informational videos were created, local radio stations were used to transmit advertisements and invitations for the meetings, several posters, brochures and local communication channels were developed to describe how indigenous people interpret REDD+ concept according to their worldview. Moreover, a web site and social networks were created and the Bank Information Center developed a case study analyzing the whole process. National Mass Media has transmitted over 20 news.

Since early stages, indigenous leaders stated that REDD+ was a very complex and technical process, and would present a challenge to guarantee the indigenous people full understanding. Because of these, the Bri-bri-Cabecar Indigenous Network), proposed to implement the *cultural mediators' program*. *Cultural Mediators* are indigenous people, who have been trained in matters related to REDD+ capable to provide the simplified information in their own language. This process is implemented through participative communication plans, in which the proper communication channels were defined to spread information, such as REDD+'s conceptualization according to their worldview. The main communication channels included banners, local media (radio) and dialogues among the community during the pre-consultation workshops. This initiative was implemented in the five indigenous blocks, according the organization structure defined.

The consultation process developed is considered a non-carbon benefit itself, because of the capacity building achieved. The activities undertaken were developed with culturally appropriate materials. These materials were possible, because of the indigenous people active participation, which analyzed ILO 169, and Cancun safeguards along with the government. This way they interpreted the elements mentioned above according to their reality and culture. As a result of this process an early dialogue among the indigenous people and the central government has begun. This to improve communities quality of life, their rights continue to guarantee transparency in the future. In the near future, the last stage of the consultation process will take place, as well as, broadcasting results, strengthening of women participation and the planning of the indigenous people special topics; A series of studies will be developed with REDD+, however, it is expected to be continue with the central government, since some of them, like land tenure go beyond REDD

Along the information and pre-consultation process with the small and medium agroforestry producers a didactic methodology and participatory approach has been undertaken. This way, the different concepts were understood by this sector allowing them to provide the proper feedback according to their needs.

Furthermore, different committees and a communication strategy have been created for each. This way the people and their have access to REDD+'s information. Regarding the small and medium forestry and agroforestry payment for environmental services proposal, it was the sector itself that carried out the analysis and production activities, as well as their socialization, with a methodology that considers their daily

lives in productive activities. There is an initial proposal that will be considered in subsequent analyses and dialogues.

General vision for the consultations process and sessions during the Program's implementation

The definition of formal and informal participation structures that promotes the dialogue among the sector is one of the main milestones of the readiness phase, regarding the participation and consultation process with the relevant stakeholders. REDD+'s Executive Committee is one of these structures. This instance serves as a consultative committee that facilitates dialogue and participation between indigenous people, agro-forestry producers; land overexploited owners and the government.

Publications and other information sources used

The information process is based on a participative communication strategy that comprises appropriate communication channels, defined in plans that were produced with each relevant stakeholder. For the indigenous people, the main communication process is the cultural mediators program. On the other hand, for small and medium forestry and agro-forestry producers, a communication plan was defined for the informative stage and a communication committee was created. Furthermore, corporate communication elements were set for the private sector, government and academy.

A diversity of [communication tools](#) has been developed, such as informational banners on climate change, importance of carbon in forests and REDD+ activities. Three informational videos were developed to inform about REDD+'s general vision. The videos are about REDD+ readiness phase, the cultural mediators training process and the latest video is about lessons learned and main challenges. Additionally, posters on how indigenous people interpret REDD+ concept according to their worldview were prepared, advertisement in local radio, brochures and local media, such as posters and flyers. Also, a web site is available, as well as social networks. The Bank Information Center wrote a [case study](#) about the participation process and approximately 100 lectures have been presented in universities and state institutions. Approximately, 20 news in local media were transmitted.

During the implementation of the Emissions Reduction Program and the National REDD+ Strategy, the aim is to continue with a two-way communication process, broadcasting the initiative's progress through the communication committees and communication channels in state institutions. There is also an intention to create a learning process in referent issues to co-benefits and it is expected that the communities themselves will empower the communication process.

Mechanisms to receive and respond to feedback

Several mechanisms to sustain a permanent dialogue with the stakeholders were set, such as the Information, Feedback and Disconformities Mechanism (described in detail in **Section 14** of this document), Costa Rica's [REDD+](#) website, cultural mediator's process, territorial coordinators and the Executive Committee. Additionally, product of the early dialogues with indigenous people and small agro-forestry producers, a direct relationship was established between the REDD+ Secretariat and the stakeholders, which has facilitated the achieved results and a participatory processes. It is also important to mention the broadcasting process for technical documents and reports to obtain stakeholders' feedback. The process starts by sharing each document's draft along with a matrix, this way stakeholders can present their questions and of comments that the actors send with their consultations and/or remarks; they then present the documents developed in a workshop and finally, they are sent via e-mail and become available in the website.

Continuous and effective consultation process during the Program's implementation

Starting the readiness phase, the main challenge was to set the organizational and representative structures for each sector. However, upon completion of this phase, the challenge described above became one of its main results, because the stakeholders have their own structures or have strengthened the existing mechanisms.

Indigenous peoples created four territorial groups, defined according to their geographic location, culture, political vision and worldview. At the same time, they created a direct communication channel with the Presidency Minister from Government, with a defined agenda, being REDD+ one of the items. Additionally, small forestry and agro forestry producers defined the participation platforms in six regions along the country.

During the Emissions Reduction Program, implementation, the aim is to facilitate three meetings per year to strengthen the structures and promote dialogue and information exchange on the progress of the processes. Regional communication committees will also remain active for both sectors and annual strategic and operational communication plans will be prepared for each sector.

Comprehensive and effective participation of the relevant stakeholders

Costa Rica's readiness phase has been highly participative. The relevant stakeholders' needs are taken into consideration. A cross-sectoral dialogue has been developed for over five years, with solid participation structures and feedback. The Executive Committee is one of these figures; it has representation of all the sectors and its purpose is to guarantee comprehensive and effective participation. The members of the Committee were selected through democratic procedures and it is consistent with Cancun safeguards.

It is of high importance that REDD+ opened the possibility to adapt the Payment for Environmental Services Program to the stakeholder's needs. This new proposal takes into account indigenous peoples and small agro forestry producers' needs according to their culture and daily life. In this sense, both sectors have produced a proposal for additional modalities of Payments for Environmental Services that are being analyzed for their development during the implementation stage.

Participation and Transparency processes for the discussing issues related to land tenure and resource

During a national workshop, the strategic options for emission reductions defined in the R-PP were presented, to the relevant stakeholders. In the activity, the stakeholders analyzed the proposal's social and environmental impacts. This way, the indigenous people defined five main risks that would be addressed as thematic axes or special topics in order to mitigate the risks. These topics are: land tenure, benefit sharing, natural resource management in indigenous territories, participative monitoring and the overlap between protected areas and indigenous territories. Even though these five topics described above are a priority to this sector, a critical route to address them within REDD+'s Framework was developed. To address some of these topics, studies have been conducted for the design of an Indigenous and Small forestry and agroforestry producers PES, topography training for indigenous people, analysis of the Dualok Kimo Program, for the monitoring and assessment topic. However, it is important to mention that the implementation of some of them such as land tenure will be implemented through the central government. In **Section 4.4** from this document is an exhaustive explanation of these points. .

Transparency and participation process for the defining arrangements in benefit sharing

In 2011, an integral information and participation process began. During the process the stakeholders recommended benefit-sharing models beyond the Payment for Environmental Services Program. The recommendations promoted several discussions, leading to proposals of new financing mechanisms for the REDD+ National Strategy. The political actions defined consider the possibility to continue working on these initiatives in order to reach an appropriate framework for the benefit-sharing.

5.2. Summary of the comments received and how these views have been taken into account in the design and implementation of the ER Program

Following the workshops held during the information and pre-consultation stages with the relevant stakeholders (indigenous populations, small and medium forestry and agro forestry producers, government, private sector, academy), risks and opportunities were identified in relation to the 10 strategic options

initially proposed in the R-PP. Once the risks and opportunities were identified, over 100 repeated topics were systematized and grouped in 27 larger topics, which were wider and more integral. Afterwards, five risk axes were identified. From this information, the REDD+ Secretariat proposed six policies that cover the risk and opportunities axes. It is important to mention that the Secretariat performed a consistency analysis of the strategic options initially filed in the R-PP, with the policies, actions and tasks finally defined, finding compatibility amongst them. Finally, the six policies defined will be subject to the consultation process starting in November, 2015.

Additionally, and according to the practices implemented towards the participation of relevant stakeholders during the preparation stage, and following the guidelines of the consultation plan, a national workshop was held in order to have a first approach to the representatives of each sector and to show them the first version of the Emissions Reduction Program document. Members of the REDD+ Executive Committee, the Board of Directors of the Costa Rican Forestry Chamber, the National Forestry Office and the National Fund for Forestry Financing were invited, as well as the regional representatives, small and medium forestry and agro forestry producers, indigenous advisors to the REDD+ Secretariat, coordinators of indigenous territorial blocks, members of the business sector and government institutions. During the workshop, the Executive Director of the National Fund for Forest Financing welcomed the participants and explained that the activity represented a first approach and stated the relationship between the National REDD+ Strategy and the Emissions Reduction Program. Subsequently, the REDD+ Secretariat presented the first drafts of the Strategy and the Program, and finally, a space for questions and comments on both presentations was opened.

In extraordinary meeting of the Executive Committee held on September 10, elements of the Emissions Reduction Program were with the World Bank's Mission and it was agreed to send this section to the attendants so the section was validated.

Below, there is a systematization of the comments and feedback of the document for the Emissions Reduction Program during the meetings mentioned above. Additionally, it was decided that this activity would be executed with each sector.

Table 5.2.1. Matrix of the comments received during the first socialization workshop of the Emissions Reduction Program.

Interested stakeholder	Comment	Response
Government	The agricultural sector sees potential in the program, as the REED+ process has been quite productive and innovative, providing studies with relevant technical data and platforms that give rise to multi-sector discussions	The secretariat recognizes the importance of these multi-sector platforms and discussions and will promote said dialogue.
	It was determined that there are opportunities to identify pilot experiences in coffee and cattle agro forestry schemes that could be useful. It is also necessary to define the agro forestry systems that could be within the REDD+ scheme, since they are part of the agricultural sector and could trigger inter-sector coordination processes	Currently, these proposals are being supported with the design of the Peasant IPSA. Furthermore, it will consider the progress in the coffee and cattle NAMAs and in any other NAMA to be designed by the Ministry of Agriculture, in order to achieve seamless integration.
	The sector suggests considering the possibility to include carbon captured in the ground within the accounting because it is an important reservoir for the agricultural sector.	Notes are taken with possibilities on how it can be included.
Private forestry sector	The draft of the Emissions Reduction Program addresses only 3 of the 5 REDD+ activities (conservation, avoided deforestation, rising stock). The sector expressed its concern about the non-inclusion of forest management within the program and wishes to know the reason for this decision and in what time the remaining activities will be included.	Given the strong interest of the sector in including these activities, the Emissions Reduction Program was amended to incorporate the five REDD+ activities, including sustainable management of forests and the enhancement of carbon stocks from forest plantations. This must be supported with data and methods for the accounting of emission reductions for these activities, and for this reason, FONAFIFO has assigned REDD+ preparation budget and its development is expected for 2016.
	It is understood that both the REDD+ Strategy as well as the Emissions Reduction Program will be developed in the framework of the forest and rural development program (PBDR); however, it is necessary to clarify PBDR's legal framework.	The forest and rural development program is a political initiative of the present government which should be based on an appropriate legal framework. In the meantime the National REDD+ Strategy and the Emissions Reduction Program will be

Interested stakeholder	Comment	Response
		conceptualized within the Forest and Rural Development Program, without implying an affectation to the strategic objectives of REDD+.
	The private forestry sector has participated in various activities for the preparation of the Strategy as well as in the follow-up consultancies to promote the sustainable use of wood. However, the sector considers that its participation in the construction of the proposed Program as well as in the drafting of document was not sufficient, which is reflected in the fact that forest management was not included in the draft program proposal which has a very strong focus towards conservation. Due to this circumstance, it is requested that these issues be included in the operational planning of the emissions reduction program.	With the new resources from the donation, the dialogue process including local, regional and national levels will be strengthened.
	It is requested to include in the preparation package activities (\$5 million), the reference levels and other requirements for the prompt incorporation of forest management, forest plantations, carbon stocks in wood products and agro forestry systems.	Notes are taken with possibilities on how it can be included.
	The private forestry sector requests that sector negotiations of the benefit distribution mechanism be started, so that it generates ownership and trust amongst the relevant stakeholders.	Notes are taken with possibilities on how it can be included.
	The definition of the strategic role for this Program is very ambitious, eradicate poverty and contribute significantly to the purchase of lands in ASP, this could disperse the foundation of REDD+ in Costa Rica in relation with emissions reduction by deforestation and degradation of forests and the	REDD+, intends to contribute achieving the millennium goals, for instance, in reducing poverty, since eradicating poverty through REDD+ is in fact pretentious.

Interested stakeholder	Comment	Response
	enhancement of carbon reserves, a key role of forest owners, located in private property.	
	To propose the reduction levels mentioned above in page 9, the country depends on the forests located in private property; however, as we will discuss below, the distribution of benefits is focused on promoting the consolidation of the ASP and other activities not linked to forest ecosystems, except the support they may receive through the payment for environmental services program.	Notes are taken with possibilities on how it can be included.
	It is evident that the country is unable to sustain its forest cover entirely with the PES program and maintaining forests in full protection, so it is essential to foster productive linkages, as properly stated in the strategic role of the Emissions Reduction Program, namely: ...strengthen the participation of all relevant stakeholders in the reactivation of production, processing, marketing and consumption of domestic wood, through a joint effort between the State and private forestry, in particular by fostering entrepreneurship amongst micro, small and medium producers. However, this is not reflected in the actions of the Program and is not either in the mechanism for the distribution of benefits. Reversing deforestation and forest degradation is only possible thanks to the effort of private owners. Hence the importance of resuming sustainable forest management with commercial purposes as part of the emissions reduction program, otherwise it will not be sustainable, given that	Notes are taken with possibilities on how it can be included.

Interested stakeholder	Comment	Response
	the owner obtains no rent for submitting his land to forest conservation. Added to the fact that the deforested area within the ASP is small and therefore has little impact.	
	Notice how at the level of deforestation drivers in private forests the lack of competitiveness of the forestry management is considered as well as the high income of agricultural products, nonetheless, there is an administrative ban to forest management that severely restricts the adoption of management plans, which is not mentioned in the document..	Notes are taken with possibilities on how it can be included.
	The argument for excluding sustainable management of natural forests is the lack of information, however, during the consultancy mentioned in the preparation stage, minimum information required was produced to generate a baseline for this activity. Which as we saw is very low, so there are enormous opportunities for this activity. The forestry sector considers unacceptable that this Program does not include sustainable forest management although it stands out as one of the most important barrier to address deforestation drivers.	Notes are taken with possibilities on how it can be included.
	On page 25, it is confirmed that the Program is mainly focused in solving the problems of lands purchases within the ASP, and its benefits will be limited to reduce the deforestation drivers in Costa Rica; it only produces a small relief to the government in view of its inability to solve this problem.	Notes are taken with possibilities on how it can be included.

Interested stakeholder	Comment	Response
	It is questionable that the Program contemplates prioritization of the PES for forest protection in ASP and to consider a possible increase of the amounts just because these are lands not properly expropriated by the government. Clearly, the purchase of some lands does not guarantee a significant impact on the reduction of deforestation, and it is clear that deforestation mostly takes place in private property lands. It is also unacceptable that it is intended to allocate a percentage of the mechanism resources of REDD+ distribution of benefits to the purchase of lands in ASP.	Notes are taken with possibilities on how it can be included.
	The Private Forestry Sector considers that the focus of the Program is institutional, since it seeks to strengthen the PES Program, the consolidation of Protected Wildlife Areas and the control programs of forest fires and illegal logging of SINAC; however, its impact is very limited in private property areas, which is where most of the deforestation and forest cover loss take place. It is requested to include activities that generate productive linkages, such as forest management, forest plantations and agro forestry systems. As these are the ones that can offer a greater contribution to improve the quality of life, rural development and forest sustainability. .	Notes are taken with possibilities on how it can be included.
	The CCF asks to develop the baseline for the productive sector; therefore, it is necessary to identify funding for this action, without decimating the scarce resources available to develop business models as proposed by the private forestry sector. A period no longer than one year must be established to develop a full baseline of the country	Notes are taken with possibilities on how it can be included.

Interested stakeholder	Comment	Response
	including the productive actions such as forest plantations and forest management.	
	According to the CCF, it is essential to set a clause in the cooperation agreement of the Emissions Reduction Program that in the course of a year will be presented as action plans for all the strategic actions of REDD+ including increased carbon with forest plantations and sustainable forestry management.	Notes are taken with possibilities on how it can be included.
	The CCF considers that the country baseline must be reviewed so the lack of data does not produce wrong estimates on basic concepts such as the identification of areas under deforestation risk to complete the criteria for the distribution of benefits.	Notes are taken with possibilities on how it can be included.
	The CCF sets that resources to develop business models of the forestry sector should receive priority in Costa Rica.	Notes are taken with possibilities on how it can be included.
Small and Medium forestry and agro forestry producers	The sector considers that FONAFIFO has made a good resource management and that it also has an executive secretariat with trustable technicians that have tried to train us on different subjects and have periodically informed of the process and their management. Additionally, the sector considers that both documents (the REDD+ Strategy and the Emission Reduction Program) are proposals, and consider they constitute good input; however, they ask for time to be able to analyze the documents in their respective regions.	One of the responsibilities of the Executive Secretariat is the periodical information of the progress on PIRs, as well as the strengthening of sectors' capacities. This document is a draft of the proposal which must receive feedback and be consolidated within the framework of the consultation process that is being performed with the PIRs. The process has a period for feedback on the proposals. The secretariat will clearly inform the terms for said feedback.

Interested stakeholder	Comment	Response
	The REDD+ process has had wide participation and it is natural in processes that the biggest the number of participants, the biggest the challenge to reach agreements; however, the members of the Executive Committee have great expectations before REDD+ and have been able to work harmonically and to achieve an inter-sector dialogue space.	REDD+ is a participative construction process that must have high participation of the relevant stakeholders as defined by the forestry sector. It is intended to continue promoting this participation, strengthening the existing inter-sector, and governance entities' dialogues, such as the REDD+ Executive Committee.
	The sector requests that the decree for REDD+ Strategy be ready prior to the consultation, the orienting principles are good, but the policies differ from them. It is necessary to negotiate in the decree, the peasant PES, the mechanism for the distribution of benefits.	The recommendation is taken.
	The sector considers that the emission reduction program should be oriented towards the strengthening of the country productive center, and not only to strengthen the State natural heritage but that it should be more balanced between the different relevant stakeholders of the Costa Rican forestry sector. The sector considers that the agro forestry systems should contribute to the country's REDD+ strategy.	As soon as the data is obtained, the reference level will be produced and included.
	The sector considers that the policies developed in the emission reduction program must be coherent with the input compiled during the SESA process. In the current scheme, only one of the six policies is addressed to the small producers' sector. This group stated that policy 5 is the one that could affect the sector the most.	The measures included in the Program are policies, actions and specific tasks derived from a participative process with the relevant stakeholders, especially within the framework of the Environmental and Social Assessment of the information and pre-consultation of the REDD+ National Strategy. From the participation workshops, a series of risks and opportunities were identified, related to the 10 strategic options preliminarily proposed at the Costa Rica's R-PP. This participation process includes

Interested stakeholder	Comment	Response
		<p>indigenous lands, forestry producers, relevant public entities and the private sector.</p> <p>With the risks and opportunities identified, over 100 repetitive topics were systematized in 27 common topics which were broader and more integral²⁸. Subsequent to this, five strategic axes were identified for the attention of these risks and the promotion of opportunities. From that information, REDD+ Executive Secretariat proposed six policies that cluster the groups and risk and opportunities axes. In addition to this, the Secretariat included other specific actions within the framework of the six policies for emission reduction, according to the country interests as defined by the Ministry of the Environment and Energy. It must be noted that the REDD+ Executive Secretariat performed a consistency analysis of the strategic options initially proposed at the R-PP, along with the policies, actions and tasks finally defined, and found full compatibility between both. Finally, the six policies defined will be subject to the consultation process.</p> <p>The sector is invited to start a dialogue in order to identify more clarity in the language of policies, actions and activities. However, the Secretariat considers that the policies respond completely to the participation and consultation processes that the Government of Costa Rica has developed within</p>

²⁸ There is a risks and opportunities matrix that allows observing the traceability of the risks, as identified by the relevant stakeholders, up their systematization, clustering and conformation in policies, actions and tasks.

Interested stakeholder	Comment	Response
		the framework of REDD+.
	It is necessary to set a baseline through regional practical models for small producers. The suggestion is to use the peasant PES model as defined within the REDD+ framework (meaning the participation of the small producer at the social level, and his actual contribution to carbon rupture).	The sector will continue to receive support in order to refine the Peasant PES proposal.
	El sector considers that the Emission Reduction Program document has a good technical level; however, the background section should be better balanced to reflect the contribution of the rural sector and civil society to the achievements of the country in reducing deforestation.	Said section will be reviewed.
Indigenous populations	Within the framework of the REDD+ preparation process, the indigenous organizational structure was promoted. It is important to note that this sector has actively participated in the process by the development of regional meetings to analyze the documents. Notwithstanding this, the sector needs to consolidate the indigenous territorial block in a language that is culturally appropriate to guarantee the input collected in the field is duly entered in the Strategy and of the Emission Reduction Program documents.	Work will continue in the framework defined considering culturally appropriate spaces and reasonable times for feedback and for the systematization of the reports. The secretariat is making progress in the systematization of the resulting information of the reports per territory.
	It is important to clarify the section of orienting principles, since they mix-up with actions and methodological guidelines. One of these principles should be oriented towards the respect of indigenous populations' rights.	It will be answered clarifying this item.

Interested stakeholder	Comment	Response
	<p>The agreement entered with the 19 indigenous populations dated September 10 and 12, 2012 should be remembered and respected; said agreement addressed the following: - Implementation of the program within the framework of indigenous Payment for Environmental Service. The execution of at least 34.000 hectares in indigenous territories. -This project will give priority to the most deforested indigenous lands.</p>	<p>It will be taken into account in its due process, in the mechanism for the distribution of benefits, through the Indigenous PES proposal.</p>
	<p>It is necessary to clarify the way in which the policies were defined, taking the SESA as the base. Additionally, there is a feeling that the policies do not give security to the consolidation of safeguards demanded by indigenous populations.</p>	<p>The SESA process included the participation of the PIRs, with which the most important concerns were compiled; these were entered into the existing policies and actions, however it is recognized that there might be gaps and said concerns could be satisfied during the consultation process.</p> <p>With respect to the safeguards, a socialization and consultation plan will be prepared about the MGAS in order to explain the practical applicability on how this instrument safeguards the Lands.</p>
	<p>What relationship does the Emission Reduction Program have with C-Neutrality? How will the topic of carbon rights for indigenous lands be addressed? It is necessary to identify the implications that this topic has for the indigenous populations and the rights acquired by purchasers.</p>	<p>The carbon rights issued is being addressed within the national legal framework in a way that it corresponds to the requirements of the different mechanisms in which the country might decide to participate. In this regards, the specific safeguards to protect the integrality of the Indigenous Lands will be applied.</p> <p>As this topic moves forward, the indigenous institutions with which the State is working will be trained.</p>

Interested stakeholder	Comment	Response
	The indigenous sector stated its concern that the REDD+ processes allow for developed countries to continue polluting the atmosphere.	This is an important topic that is being addressed within the framework of the Framework Convention on Climate Change.

6. Operational and Financial Planning

6.1. Institutional and implementation arrangements

Institutional arrangements for REDD+ implementation

The required institutional arrangements for operating the ER-Program are based on the Organic Law of the Environment, the Forestry Law, the Biodiversity Law and the Indigenous Law²⁹, per **Section 4.5**. Thus, Costa Rica's institutional and legal frameworks serve as the base for implementing the ER-Program. In this way, the ER-Program's arrangements are closely linked to the current legislation and the tasks mandated to the different public entities. **Table 6.1.1.** shows the main and associate implementers for each policy action proposed.

All operating entities are part of the structure of the State Forestry Administration, and so are subject to the direction of the Minister of MINAE. Additional arrangements may be required outside the existing regulatory framework. For example, new operational procedures among SINAC, FONAFIFO and CENIGA must be agreed, especially for MRV and to operate the SIS. Other sub-arrangements will be required with public institutions, for example, with the Costa Rican Institute of Electricity (ICE), the National Institute of Rural Development (INDER), as well with other landowners that are part of the *State Natural Heritage*³⁰ but have not formally registered their lands yet.

Organization for the day-to-day operation of the ER-P

- The office of the Minister of MINAE is the political director of the ER-P,
- FONAFIFO will be in charge of managing the ER-P administratively and financially³¹
- The implementation of policies, actions and activities will be jointly coordinated by SINAC, FONAFIFO and CENIGA, according to their legal responsibilities. Each policy action has a leading implementation entity (Table 6.1.1., based on Section 4.3.),
- With regards to MRV, CENIGA under the supervision of the high-level committee (Section 1.3.), will coordinate the follow-up of the reference level through the national land use/cover monitoring system (Section 9),
- Benefit sharing will be a responsibility of FONAFIFO, under the political direction of the Minister of MINAE and under supervision of the high-level committee,
- FONAFIFO will execute the UNFCCC Safeguards Plans and ensure compliance with the relevant World Bank's operational policies (Section 14),
- CENIGA will report how the Costa Rica addresses safeguards through the SIS,
- FONAFIFO runs the Feedback and Grievance Redress Mechanism (FGRM) through its Comptroller of Services,

²⁹If necessary, additional arrangements may be agreed with Indigenous Development Associations for Indigenous Territories.

³⁰ Article Nº15 of the Forestry Law determined that such lands must be immediately incorporated to the State Natural Heritage.

³¹FONAFIFO has ample experience managing financial operations. For example, Ecomercados I and II and the FCPF readiness grant.

- FONAFIFO is in charge of coordinating the consultation and information exchange process with stakeholders.

Other public entities/institutions will be involved in the implementation of specific policy actions, for example, the Ministry of Agriculture and Livestock (MAG), ICE and the Port Administration Board of the Atlantic Coast (JAPDEVA). These entities are part of the Environment Sector, according to an organization decree issued by the Executive Branch of the Government, and as such they are subject to the political direction of the Minister of MINAE. Moreover, these entities are subject to the political direction of the Minister through the Environment Sector Council (visit [here](#) for a brief history of MINAE and its relation to the Environment Sector Council).

Table 6.1.1. Main (IP) and associate implementers (IA) of specific activities. Table 4.3.1., showed policy actions; this table shows activities, a more detail level of the ER-P operations.

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
1.1.1. Update the Illegal Logging Control and Forest Fires Management Strategies	IA					IP							
1.1.2. Capacity building workshops	IA					IP							
1.1.3. Assemble fire crews to control wildfires	IA					IP							
1.1.4. Purchase of equipment and supplies	IA					IP							
1.1.5. Improve control over critical forest areas (consider satellite technology)	IA					IP							
1.1.6. Conduct awareness campaigns	IA					IP							
1.1.7. Strengthen the role of SINAC's regional offices in fire management	IA					IP							
1.1.8. Strengthen institutional capacities (admin, human resources, financing, operational and technological)	IA					IP							
1.2.1. Implement the Illegal Logging Control Strategy	IA					IP							
1.2.2 Reactivate the Natural Resources Watch Committees and the Volunteers Associations and develop an action plan in coordination with SINAC	IA					IP							
1.2.3. Build capacity in public officers at CIAGro, the Police, the Prosecutor's Office, the Administrative Environmental Court, the Environmental Comptroller, courts, MAG, MINAE, the members of the Natural Resource Watch Committees and other organized groups			IA			IP							IA
1.2.4. Execute additional law enforcement operations to reduce the illegal use, exploitation and transportation of forest products						IP							
1.2.5. Design audit plans to guarantee transparency, fraud control and consistency of timber harvesting permits issued for forest management by the State Forestry Management and CIAGro					IA	IP							
1.2.6. Ensure additional financial resources to increase current accountability and control of measures by SINAC and CIAGro, related to the implementation of forestry activities					IA	IP							
1.2.7. Include additional mechanisms in the Grievance and Redress Mechanism for allowing citizens to participate in the identification of illegal forestry						IP							
1.2.8. Develop monitoring programs with indigenous peoples and other communities with high forest loss						IP							
1.2.9. Strengthen illegal logging control measures in Protected Conservation Areas and in the State Natural Heritage						IP							
1.2.10. Increase the participation of Environmental Regional Councils, SINAC's Regional and Local Councils in the sustainable management of forest.						IP							
1.2.11. Improve institutional capacities (management, human resources, financial, operational and technological) of SINAC and other entities related to logging control						IP							
1.2.12. Update regulations, operational and financial capacities to strengthen control measures by CIAGro					IP								

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
1.2.13. Revise the comptroller role of SINAC and CIAGro in relation to indigenous territories					IA	IP							
1.2.14. Strengthen logging control by indigenous peoples through the <i>Dualök Kimö</i> program						IP						IA	
1.3.1. Design/adjust a national land use/cover monitoring system according to the methodological requirements of REDD+ and in consistency with the national GHG inventory and any other specific requirements defined by IMN						IA							IP
1.3.2. Define a MRV strategy consistent with the requirements of REDD+						IA							IP
1.3.3. Identify a financing and sustainability strategy to guarantee that the monitoring system (activity 1.3.1.) is able to regularly provide the information necessary for the REDD+ MRV						IA							IP
1.3.4. Identify any potential additional institutional arrangements required to implement the monitoring system defined in activity 1.3.1.						IA							IP
1.3.5. Implement a community-based monitoring strategy in areas with critical deforestation or forest degradation and that have high conservation value.						IP						IA	
1.3.6. Develop a participative M&E mechanism with Indigenous Territories						IP						IA	
1.3.7. Implement special C monitoring protocols for mixed lands (agriculture and forestry) and consider MRV for existing AFOLU ³² NAMAs						IP	IA	IA			IA		
1.3.8. Implement special C monitoring protocols for urban forest C stocks and stock changes (Settlements; S)						IA							IP
1.4.1. Update (and improve) the State Natural Heritage's land inventory, especially for lands yet to be registered by MINAE						IP		IA					
1.4.2. Conduct a specific land-tenure analysis in the State Natural Heritage						IP							
1.4.3. Apply appropriate procedures for including public lands (pending formal registration) to the State Natural Heritage	IA					IP							
1.4.4. Perform a land use and land use potential analysis for the State Natural Heritage, in order to define specific REDD+ goals	IA		IA			IP					IA		
1.4.5. Develop management plans for lands in the State Natural Heritage, to increase REDD+ results, through a variety of interventions, including the need of additional institutional arrangements						IP							
1.4.6. Secure funding for transferring lands to the State National Heritage.	IA		IA			IP							
1.4.7. Develop a resource management strategy for the full incorporation of lands to the State Natural Heritage	IA		IA			IP							
1.4.8. Achieve consistency of delimitation and demarcation rules on areas under special land-tenure regimes						IP		IA					
1.5.1. Update the inventory of land under tenure by third parties in Protected Conservation Areas						IP		IA					

³² AFOLU: Agriculture, Forestry and Other Land Uses, as defined by the 2006 IPCC Guidelines for national GHG inventories.

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
1.5.2. Update the Protected Areas Project (PAP) and develop an implementation and financing strategy						IP							
1.5.3. Design and execute a long-term financing strategy for purchasing lands in Protected Conservation Areas						IP							
1.5.4. Prioritize PES payments in Protected Conservation Areas, and consider potential increases in payments			IP										
1.5.5. Increase the designated amount from the national budget for purchasing lands in Protected Conservation Areas						IP							
1.5.6. Promote the voluntary adherence to the state forest regime						IP							
1.5.7. Allocate REDD+ monetary benefits to purchase lands in Protected Conservation Areas						IP							
1.5.8. Update management plans for Protected Conservation Areas to promote REDD+ activities						IP							
1.6.1. Harmonize the National REDD+ Strategy, the National Biodiversity Strategy and the National Action Plan to avoid Desertification and Drought			IP			IA							
1.6.2. Harmonize the National REDD+ Strategy, the National Strategy on Climate Change and the National Adaptation Plan			IP						IA				
1.6.3. Integrate the National REDD+ Strategy and the planned framework for Sustainable Development Goals.	IA		IP										
1.6.4. Target REDD+ efforts in priority biodiversity conservation areas, watershed protection zones and priority land restoration areas, including the increase of restoration actions associated to endangered species			IA			IP				IA			
1.6.5. Implement strategies to communicate the importance of forest and biodiversity conservation, as well as other environmental services	IA					IP							
1.6.6. Support the Sustainable Biodiversity Fund (FBS) with REDD+ resources			IP										
1.6.7. Develop an assessment of low- environmental impact practices available for biodiversity conservation	IA					IP							
1.6.8. Direct REDD+ investments in priority biological corridors			IA			IP			IA				
1.6.9. Analyze SINAC's and FONAFIFO's operational efficiency to implement REDD+ and define first steps for operation			IP			IA							
1.6.10. Develop, jointly with relevant entities, monitoring mechanisms of social and environmental impacts of REDD+ actions in priority areas			IP										
1.6.11. Harmonize the National REDD+ Strategy with the Rural Landscape Restoration Strategy			IP										
1.7.1. Regularly update the deforestation and forest degradation driver analysis			IP										
1.7.2. Analyze, review and adjust public policies and incentives to diminish deforestation and forest degradation			IP										
1.7.3. Ensure consistency of forest-related policies with REDD+			IP										

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
2.1.1. Update the National Forestry Development Plan with the participation of Indigenous Territories, according to the principles of Free, Prior and Informed Consent (FPIC)	IP		IA	IA		IA							
2.1.2. Identify gaps between national and international legal regulations in regards to resource management in Indigenous Territories	IA		IP									IA	
2.1.3. Adopt any appropriate modifications to the current National Forest Development Plan by means of a decree or a specific legal amendment	IA		IP									IA	
2.2.1. Support conflict resolution mechanisms for areas where land-tenure is disputed and consider the participation of the Ministry of Justice and Peace (MJP) and the Ombudsman Office, including the development of protocols where relevant	IA					IP							
2.2.2. Develop an alternative mechanism for settling land tenure disputes in indigenous territories and small agroforestry producers in relation to REDD+	IA		IP										
2.2.3. Improve and make widely available a mechanism to report disconformities by other public institutions and communal territories, as well as provide additional opportunities for its periodical assessment			IP			IA					IA		
2.3.1. Assess if limitations exists (legal, economic, technical, logistic) of small and medium agroforestry producers in areas under special land tenure regimes for participating in REDD+			IP										
2.3.2. Develop studies and implement plans for producing additional economic and social benefits through REDD+ or other policy actions for small and medium forestry producers			IP										
2.3.3 Develop a joint plan between MINAE, MAG and the private sector to inform, train, and assist efforts by farmers and small agroforestry producers, including indigenous territories, for marketing goods and services	IP										IA		
3.1.1. Develop guidelines and implementation plans for those components of the National Forestry Development Plan related to technological and managerial capacities, especially those related to timber industrialization	IA			IA		IP							
3.1.2. Update studies, start dialogues and capacity building processes to address current competitiveness weaknesses in the forestry sector across the production chain, and propose solutions	IA			IA		IP							
3.1.3. Conduct studies and implement strategies to identify markets for national and international timber and non-timber forest products and identify sources of financing for starting business models	IA					IP							
3.1.4. Strengthen the participation of research and academic centers to update knowledge on potential improvements to management, silvicultural and genetic management of tree species	IA			IA		IP							
3.1.5. Document successful experiences in silvicultural management by region, species, for tree plantations, forest management and agroforestry systems	IA			IA		IP							
3.1.6. Promote a dialogue with relevant stakeholders on the lessons learned in silvicultural management	IA					IP							
3.1.7. Foster exchanges between farmers and indigenous territories on forest and agroforestry system management	IA					IP						IA	
3.1.8. Design quality indicators for forest management and for evaluating PES reforestation	IA			IA		IP							

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
3.1.9. Assess legal and administrative options to use fallen timber in forests, including in Protected Conservation Areas is adequate, mainly for increasing benefits for small organizations and forestry producers	IA			IA		IP							
3.2.1. Develop a joint MAG-MINAE plan to build capacity of forestry producers on sustainable management of forests, plantations and agriculture, including the reactivation of the Forest-Agriculture Commission	IA					IP					IA		
3.2.2. Develop a system to award timber produced in sustainable ways and supported with PES payments	IA		IA			IP							
3.2.3. Promote low-cost certification systems for forestry producers	IA					IP							
3.2.4. Strengthen regional and local organizations providers of genetically-improved trees				IA		IP					IA		
3.2.5. Develop good practice manuals for silvicultural production in collaboration with academia	IA			IA		IP					IA		
3.2.6. Improve outreach activities in MAG, CIAGro and MINAE to provide assistance to producers	IA					IP					IA		
4.1.1. Contribute to the update of land-tenure studies in all indigenous territories in coordination with the relevant government institutions			IP				IA	IA					
4.1.2. Support the development of a long-term plan for regularizing indigenous land rights			IP									IA	
4.1.3. Contribute to the design of a culturally- appropriate mechanism for settling legal disputes related to land tenure in indigenous territories; such mechanism will be designed in coordination with the Ombudsman Office, the Ministry of Justice and Peace and the Ministry of the Presidency			IP									IA	
4.1.4. Determine the status of rights to emission reductions and potential mechanisms for their transfer to the FCFP Carbon Fund			IP										
4.1.5. Support the design of a legal and cadastral assistance mechanism for indigenous territories, with the goal to help clarify land-tenure rights			IP										
4.2.1. Contribute in the assessment of land-tenure in every area under special land-tenure regimes (with the exception of indigenous territories)			IP										
4.2.2. Support the development of a long-term plan for clarifying land-tenure rights in areas under special land-tenure regimes			IP										
4.2.3. Contribute to the design of a mechanism for settling legal disputes related to land tenure for areas under special land-tenure regimes (excluding indigenous territories); such mechanism will be designed in coordination with the Ombudsman Office, the Ministry of Justice and Peace and the Ministry of the Presidency			IP										
4.2.4. Determine the status of rights to emission reductions and potential mechanisms for their transfer to the FCFP Carbon Fund			IP										
4.2.5. Support the design of a legal and cadastral assistance mechanism for areas under special land-tenure regimes, with the goal to help clarify land-tenure rights			IP										
4.3.1. Develop a registry of public lands eligible for REDD+ implementation			IP				IA	IA					

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	APE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
4.3.2. Assess public land-tenure regimes and determine institutional arrangements for the transferring emission reductions rights to the FCPF Carbon Fund			IP			IA							
4.4.1. Review current legislation to identify potential contradictory provisions on border delimitation in areas under special land-tenure regimes.			IP				IA	IA					
4.4.2. Propose legal and/or regulatory amendments to fix potential delimitation issues in conflict zones			IP				IA	IA					
5.1.1. Prioritize Costa Rica's territory according to its potential for REDD+, considering all REDD+ activities			IA			IP							
5.1.2. Harmonize criteria between the National Forestry Development Plan and the FBS for guaranteeing legal and political security to citizens when investing in REDD+	IP		IA			IA							
5.1.3. Develop public policy to add value to forests and forestry production to reduce pressure for land use change	IP		IA	IA		IA			IA				
5.1.4. Identify high REDD+ social and environmental co-benefits areas to prioritize investments			IP			IA							
5.1.5. Expand PES payments to other environmental services currently not defined in the Forestry Law, but with legal basis in other regulatory bodies (through a legislative or regulatory review).			IP										
5.1.6. Conduct information campaigns on the importance of PES, REDD+, the social and environmental benefits of sustainably managing forests, and the promotion of tree plantations and forest conservation.			IP										
5.1.7. Explore opportunities to expand PES payments to other activities and consider increases in current payments per activity			IP										
5.2.1. Identify options to broaden the scope of the PES to allow coexistence of productive activities, agricultural and forest conservation.			IP							IA			
5.2.2. Identify legal, technical and operational restrictions to expand PES and implement measures to allow for expansion.			IP										
5.2.3. Identify additional sources of finance beyond PES			IP										
5.2.4. Design innovative financing modalities, develop pilot applications and assess results			IP										
5.2.5. Design and test a mechanism for the integral management of agroforestry farms, by combining forest-related environmental services and agroecosystem services, with social benefits (i.e. a new PES modality).			IP							IA			
5.2.6. Design and test a culturally appropriate forestry management and financing mechanism for indigenous territories (i.e. new PES modality).			IP								IA		
5.2.7. Develop a capacity building program for farmers, agroforestry producers and indigenous peoples to improve knowledge on how to access benefits from these new financing mechanisms (see activity 5.2.5 and 5.2.6.)			IP	IA						IA	IA		
5.2.8. Explore further options to prioritize PES allocation to indigenous territories			IP			IA							
5.3.2. Identify ways for the Domestic Carbon Market (DMC) to finance REDD+ activities			IP							IA			

Activities	Entities/institutions (see note below for definition of acronyms)												
	MINAE	AFE	FONAFIFO	ONF	CIAGRO	SINAC	SNIT	RN-C	CONAGEBIO	DCC	MAG	ADI	CENIGA
5.3.4. Develop a long-term financing strategy for the full implementation of the National REDD+ Strategy			IP			IA					IA		
5.3.5. Operate and regularly assess the performance of the Benefit Sharing Mechanism (BSM) with participation of relevant stakeholders			IP										
6.1.1. Define a Safeguards Information System (SIS) to comply with REDD+'s safeguards under the UNFCCC and other applicable safeguards (i.e. World Bank and other implementation partners)	IA		IP			IA							
6.1.2. Clarify the variables, criteria and indicators of the SIS and a format for reporting to the UNFCCC	IA		IP			IA							
6.1.3. Develop a plan to integrate the SIS to the National Environmental Information System (SINIA) and determine if further arrangements are required for generating regular information	IA		IP			IA							
6.1.4 Share the design, results and reports derived from the SIS, including a Results and Reports Sharing Mechanism	IA		IP			IA							
6.1.5. Build capacity to ensure the timely generation of information as part of the SIS	IA		IP			IA							
6.1.6. Prepare regular SIS reports consistent with national and international requirements	IA		IP			IA							
6.2.1. Share with stakeholders and formally recognize (make official) the Social and Environmental Management Framework (ESMF) of the National REDD+ Strategy			IP										
6.2.2. Inform and build capacity in civil society and public officers involved in the operation of the FGRM			IP										
6.2.3. Implement and assess on an annual basis, with participation of the relevant stakeholders, the results of the ESMF and the FGRM			IP										
6.2.4. Develop a dialogue and systematic communication platform with relevant stakeholders.			IP										
6.3.1. Achieve consistency between REDD+ MRV and the National MRV Framework for informing the COP on Costa Rica's progress towards achieving the ultimate goal of the UNFCCC			IA			IA							IP
6.4.1. Develop a strategy to further consider gender, and cultural diversity in REDD+, based on available preliminary studies	IP												
6.4.2. Develop information, training, outreach and obtain financing to promote the participation of women in REDD+	IP												

Entities/institutions: MINAE: Ministry of Environment and Energy, SINAC: National System of Conservation Areas, AFE: State Forestry Administration, FONAFIFO: National Fund for Forestry Financing, CENIGA: National Center for Geo-Environmental Information, IMN: National Meteorological Institute, ONF: National Forestry Office, CIAGro: Agronomists Association, SNIT: National System of Territorial Information, RN-C: National Registrar – Cadastral Office, CONAGEBIO: National Committee for Biodiversity Management, DCC: Climate Change Direction, MAG: Ministry of Agriculture and Livestock, ADI: Indigenous Development Associations.

Institutional capacity for the implementation of the Program

Operational arrangements of the ER-Program are based on current legislation, including specific tasks and capacities of the existing institutions. According to Section 1.3., institutions in charge of managing and implementing the ER-P have demonstrable technical, political and managerial capacities. For instance, MINAE is political director of the forestry sector. FONAFIFO executes the PES since 1997. SINAC has regional offices across the country and run numerous programs for the management of forest resources and emission reductions (i.e. illegal clearing and forest fire management).

The government's legal ability to sign an ERPA is explained in Section 1.3. and 4.5. Institutions such as FONAFIFO have institutional capacity to sign contracts with land-owners and market environmental services, i.e. PES is a benefit sharing mechanism and has been operating since 1997. Particularly for the ER-P, MINAE provides political direction, as well as technical, administrative and financial management capacities for benefit sharing.

The reference level was defined by FONAFIFO during the REDD+ readiness phase. SINAC has demonstrated ability to implement a national forest inventory (NFI). FONAFIFO runs a Service Comptroller and so is able to manage the FGRM, as well the ongoing National REDD+ Consultation process.

Relationship of the national implementation framework for REDD+ with the implementation framework for the ER-Program

The National REDD+ Strategy is implemented through the ER-Program, so the implementation framework is the same. Both are based on the Environment Organic Law, the Forestry Law, the Biodiversity Law and the Indigenous Law, as well as relevant international legislation for REDD+. All REDD+ related emission reductions will be produced under the ER-Program. The ER-Program may go beyond the ERPA term and future innovations to the REDD+ Strategy will be consistent to the currently proposed REDD+ policy and program framework.

6.2. ER Program budget

The budget for the ER-Program was developed with the participation of key government actors responsible for REDD+ implementation, i.e. the Ministry of Environment and Energy through the National Forestry Financing Fund (FONAFIFO), the National Meteorological Institute (IMN), the National System of Conservation Areas (SINAC) and the Ministry of Agriculture and Livestock (MAG). From this group of organizations we should indicate that FONAFIFO and SINAC provide mostly the regular funds for the Program of Emission Reduction. In the case of FONAFIFO it includes resources allocated to the Program of Payment for Environmental Services (PES). With reference to SINAC, there are four strategic programs that have a direct contribution to emission reductions: i) Measures to maintain and strengthen Protected Areas (ASP); ii) National Strategy for Integrated Fire Management; iii) Program of Legality Control of Forest Production and iv) Purchase of land to strengthen the State Natural Heritage. All these programs contribute not only to reducing emissions, but the maintenance of a variety of ecosystem benefits such as protection of biodiversity, soil, water and scenic beauty. Costa Rica is recognized as a country that has substantially reversed deforestation steadily and this must be attributed to the strengthening of its institutions and policies.

The construction process of the Financing Plan started with a call to the institutions mentioned above to participate in two workshops on costs (May and September). The first workshop had several objectives: to analyze the methodology and financial model to use, the requirements of ER-PD, identify the necessary information for each institution for the financial planning and defining the mechanics of work and follow-up. The second workshop analyzed the first results of the financial exercise, to identify additional information, and primarily, to receive feedback from the institutions.

The selected methodology considers all costs and income sources, and identifies necessary financial resources for implementing the ER-P³³. The financial planning was focused on the REDD+ policy framework presented in the ER-P (Section 4.3.)³⁴. Each policy action was classified according to: i) Direct or indirect impact on emission reductions, ii) Land-tenure regime,, iii) Whether the action is new, iv) Budget origin, v) Main implementer, vi) Financing planning level.

There are four financing planning levels:

- Level 1-REDD+ Program Administration: additional budget expenses of institutions managing the ER-P. Among the main financing lines we have: i) Project management and overview; ii) participation of Interested Parties; iii) safeguards monitoring; iv) compliance and grievance mechanism; v) distribution of benefits; vi) measurement, reporting and verification of the programs emission reductions (MRV).
- Level 2-REDD+ National Policies: comprising transaction costs to establish new policies, differentiating between implementation costs at level 3, to design, develop, communicate and implement policies that effectively support the implementation of the National REDD+ Program. For purposes of financial planning, Level 2 should take into account financial implications of policies that will have an overall impact on land use, but are not directly linked to the implementation at the field level. While Costa Rica has developed a legal system that supports many of the modalities of REDD+, the National REDD+ Strategy seeks to include a wider range of activities of the Emissions Reduction Program which may require additional policies and legal frameworks set. That is the case of activities such as those relating to address the direct and underlying causes of deforestation and forest degradation; improving legal instruments against illegal logging throughout the production chain; studies to identify the suitability and potential of financial management of forest in other PAs, to name a few.
- Level 3- REDD+ Sub-programs: costs are expected to implement the scheme of programmatic actions that the government provides for the implementation of policies. They are not policies or administrative actions. On the contrary, they are referring to government support provided directly to field actions such as expansion of the coverage of the Program of Payment Environmental Services, the creation of new forms of PES (Peasants PES, Indigenous PES); the purchase of private land pending payment in PAs; forestry development in indigenous territories; promoting quality improvement in the management of forestry in forests and plantations; strengthening the FONAFIFO forestry credit program, promotion of agroforestry systems for agriculture and livestock, among others.
- Level 4-REDD+ Activities: costs associated to the individual REDD+ activities to reduce emissions or enhance carbon stocks, including REDD+ activities promoted by REDD+ Sub-programs (Level 3). It is the case of non-governmental organizations such as the Association of Agronomists and Foresters (CIAgro), which develop operational plans (forest regencies) for the preservation and regeneration of forests, reforestation plantations and agroforestry systems, etc. Similar estimates can be developed for other subprograms, once specific plans are developed.

There is a group of activities of the National REDD + Strategy that require more definition to determine the costing, many of them require previous studies to conceptually define their objectives, scope and purpose. REDD+ Secretariat following high-level political guidance is working to develop specific operational plans for

³³Terra Global Capital: Description and Process of the Planning Financing Program for Emission Reduction (ER) in Costa Rica. June 2, 2015. Available [here](#).

³⁴Policies in the EN-REDD+ CR, V4 SEPT 24.

additional actions in order, for example, of: i) clarify land tenure and carbon rights in areas under special regimes; ii) improve the enforcement of laws regarding forest cover and deforestation; iii) promote sustainable forest management by addressing the illegal logging industry and developing markets for wood products and; iv) development of new sources of funding.

Currently an Implementation Plan of the National REDD+ Strategy is under development as a planning tool for long-term policies, actions and activities (tasks). This process is done with each of the organizations involved in the implementation of the EN-REDD+. This plan includes, inter alia: i) targets - indicators; ii) institutional responsibility and iii) cost and financing (total cost and source of funding) for the 134 tasks EN-REDD +.

Annex 1 corresponds to the Table of Financial Projections for the ERP (period 2010-2025) comprising: i) tons of carbon for sale and years of verification, ii) Costs of the Program for Emission Reduction, iii) Source of resources, mainly referred to FONAFIFO and SINAC and; a price per ton of carbon and revenues from emissions reductions. The exercise shows the cash flow of the program, the net flow and the cash balance for the period 2010-2025. Three scenarios were developed:

- Financing Plan at a price of US \$ 5.00, which establishes the reference FCPF
- Financing Plan at a price of US\$ 15.00, as an intermediate price
- Financing Plan at a price of US \$ 30.00, which represents the breakeven

This financing plan shows the cost to Costa Rica for reducing one ton of carbon. This cost has historically been assumed by the Government of Costa Rica, specifically, by the Ministry of Environment and Energy through FONAFIFO and SINAC; through environmental and forest policies that are supported by a robust legal framework. All this allows to show significant progress in this sector over the last 20 years, beyond the forest, as a contribution to the mitigation of greenhouse gases and the generation of a variety of non-carbon benefits. Additional revenues related to the implementation of REDD+ in Costa Rica, will expand national efforts in the forestry sector, strengthen many existing forest policies and develop those that are required to achieve the objectives set in the National REDD+ Strategy and the Emission Reduction Program.

For Costa Rica, the main implementing agencies for the National REDD + Strategy and Emission Reduction Program, are FONAFIFO and SINAC. For the purposes of the Financial Plan, only these budgets were analyzed in detail what the expected income by revenues from emissions reductions is added. The objective of the financial planning process was to determine what the cost of reducing emissions over a period of time is, including ex-ante contributions from 2010 to 2015. In addition, it is required to determine the needs of cash flow and long-term financing for REDD+ program. Annex 1 is supported in the document can be found at this link.

It is assumed that as the implementation Plan advances more precise costs related to the National REDD+ Strategy and the Program of Emissions Reduction will be obtained, this is especially relevant in the case of SINAC, where institutional budgets were used, comprising mainly costs of major REDD+ activities: i) Measures to maintain and strengthen Protected Areas (ASP); ii) National Strategy for Integrated Fire Management; iii) Program for Control of Legality of Forest Production; iv) land purchase to strengthen the State Natural Heritage; but which also comprise other conservation activities.

Another aspect where more accuracy will be required, both in the design and costs, is related to the system to measure, report and verify emissions reductions (see section 9). This process will allow institutional strengthening and capacity building of the monitoring system on land use for different institutional goals.

7. Carbon pools, sources and sinks

7.1. Description of Sources and Sinks selected

Sources/Sinks	Included?	Justification / Explanation
Emissions from deforestation	Yes	<p>Emissions in <i>Forest land</i>³⁵ (FL) converted to other lands are a significant source of GHG emissions and therefore are included in the reference level.</p> <p>Considering the historical reference period (1998-2011), average annual emissions from FL conversion were 7,901,524 t CO₂e yr⁻¹, of which 1.92% was considered to be non-anthropogenic. Average annual emissions from anthropogenic FL conversion were 7,749,558 t CO₂e yr⁻¹.</p> <p>Emissions associated to non-anthropogenic forest loss (151,965 t CO₂e yr⁻¹, 1.92%) are excluded because they are associated to the impact of volcanic activity and to the natural variation of river courses and other natural water bodies in areas with forest cover. More detail may be found in the spreadsheet "FREL TOOL CR.xlsx" available here. Please refer to the "FREL&FRL" tab and go to lines 40-69.</p> <p>Non-anthropogenic emissions were excluded because future natural disturbance events may present an important risk, especially given Costa Rica's geographical location and its vulnerability to stand-replacing disturbances such as volcanic activity, landslides and flooding. Emissions from non-anthropogenic forest loss are excluded from the reference level and will be consistently measured and transparently reported in future monitoring events.</p>
Emissions from forest degradation	No	<p>Emissions in FLFL are temporarily excluded from the FREL due to lack of reliable data and methods. Considering that emissions in FLFL may be significant, Costa Rica will try to address these in a modified FREL by May 23rd, 2016. This date is the deadline for presenting a modified submission of the FREL according to the timeline set out by the annex to decision 13/CP.19 for the technical assessment of FREL under the UNFCCC.</p> <p>According to a pilot study conducted in 2014, proxy data may suggest that emissions in FLFL may be higher than previously thought, (although they do not seem to be greater than absorptions). This was determined by an assessment of canopy cover change in FLFL between years 2001 y 2013³⁶. Results showed that 1,322,217.00 hectares of FL presented a "stable" canopy cover (no gains or losses recorded), while in 398,747.97 hectares canopy cover was reduced and in 494,578.26 hectares it actually increased.</p>

³⁵ *Forest land* (FL) is based on the IPCC's definition for land representation (Chapter 3 of Volume 4, 2006 Guidelines). Similarly, *FL converted to other lands*, *lands converted to FL* and *FL remaining FL* (FLFL) refer to IPCC defined categories. These categories are shown in *italics*.

³⁶ The pilot assessment was developed for the Government of Costa Rica by Agresta *et al.* (2015.b) for yrs 2000 and 2012. According to the rules used to define the map dates (explained in section 8.3 of the ERPD), the map which Agresta *et al.* calls 2000 corresponds in reality to yr 2001, while the map for 2012 does correspond for yr 2012. In order to assess the canopy cover percentage of primary forests, the map of canopy cover percentage for yr 2000 (in reality 2001) was intersected with the land-cover map for 2001. For yr 2013, since there was no map on land-cover for 2012, the estimate of primary forest canopy cover was estimated by crossing the map of canopy covers for 2012 with the land-cover map for 2013.

Sources/Sinks	Included?	Justification / Explanation
		Thus, canopy cover increases are 24% greater than canopy cover losses at the national level. This assessment is based on proxy data and does not consider carbon stock changes (CSC) in terms of t CO ₂ e yr ⁻¹ , which prevents the use of these proxies for MRV.
Enhancement of forest C stocks	Yes	<p>Absorptions in <i>FLFL</i> are temporarily not included in the FREL due to lack of reliable data. However, according to the text above, this may be revised by May 23rd.</p> <p>Absorptions in <i>land converted to FL</i>³⁷ are a significant sink (-4.363,799 tCO₂e yr⁻¹ in 1998-2011). More detail may be found in the spreadsheet “FREL TOOL CR.xlsx” available here. Please refer to the “FREL&FRL” tab and go to lines 40-69.</p>
Conservation of forest C stocks	No	Although the conservation of forest C stocks has been a very important activity in Costa Rica since the 1970s, performance in terms of emission reductions will be included in the REDD+ activity “emission reductions from deforestation”. Costa Rica understands that results-based payments for the conservation of forest C stocks or “conservation payments” is not part of the FCPF Carbon Fund.
Sustainable management of forests	No	Emissions/absorptions associated to 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/absorptions may not be significant.

³⁷ Throughout the ERPD, and in Costa Rica’s FREL submission to the UNFCCC, *land converted to Forest land* is referred to as “new forests”. **New forests** is a concept employed by Costa Rica to describe secondary forests or tree plantations that appear on lands previously classified as “non-forest”. Please note that this implies secondary forests and tree plantations are assumed to be subject to the same management regime and, for estimation purposes, are treated equally. **Secondary forest** is vegetation re-growth that surpasses the definition of forest on previously cleared land for agriculture, grazing or other non-forest land uses. *Land converted to FL* is considered to transition to FLFL at year 400.

7.2. Description of Carbon pools and GHG selected

Carbon stocks	Selected?	Justification / Explanation
Above-ground biomass (AGB)	Yes	AGB contains the highest proportion of C stored in FL (between 50-79% of the total estimated C per ha). For more information please refer to the "FREL TOOL CR", and go to the "C-STOCKS" tab, columns H and I.
Below-ground biomass (BGB)	Yes	On average, BGB represents 23.5% of AGB C stocks per ha. For more information please refer to the "FREL TOOL CR", and go to the "C-STOCKS" tab, columns J and K.
Litter	Yes	Even though litter represents <10% of emissions from FL conversion (and <10% of total C stocks), it was included in the FREL because there are high quality data available. For more information please refer to the "FREL TOOL CR", and go to the "C-STOCKS" tab, column O.
Deadwood	Yes	Even though deadwood contributes to <10% of emissions from FL conversion, deadwood was included in the FREL because there are high quality data available. For more information please refer to the "FREL TOOL CR", and go to the "C-STOCKS" tab, column L.
Soil C	No	Soil C was excluded from the FREL due to lack of reliable national data to estimate the exchange rates of C in the different land use change transitions. It is assumed that during the term of ERPA, C stock changes would not result in significant emissions. On the contrary, considering that <i>lands converted to FL</i> are greater than forest conversion areas, it is possible that soil C is a net sink in Costa Rica. However, it is acknowledged that better national data is required for the estimation C stocks changes.

GHG	Selected?	Justification / Explanation
CO₂	Yes	Carbon dioxide is the main gas emitted by anthropogenic activities in the LULUCF sector; CO ₂ is the only gas absorbed when forest C stocks are enhanced.
CH₄ and N₂O	Yes	Biomass burning in FL was the most accessible technology for forest conversion prior to 1997 when the current Forest Law was passed. After 1997, burning for FL conversion is assumed to be zero, according to national expert judgment. Non-CO ₂ emissions from biomass burning may occur in FLFL, however these emissions are currently not part of the FREL. Please note that emissions/absorptions in FLFL may be revised for May 23 rd , 2016, according to the text above.

8. Reference level

8.1. Reference period

The selected *historical reference period* is **1998-2011**.

End year (2011): according to Costa Rica's R-PP and ER-PIN³⁸, the country's National REDD+ Strategy began implementation in 2010. However, given that for 2009 Costa Rica does not have a map³⁹, the TAP recommended that Costa Rica selected the year 2011 instead to comply with the CF-MF. Costa Rica followed the TAP's recommendation.

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 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/FRL to be submitted to the UNFCCC.

8.2. Forest definition used in the construction of the Reference Level

The definition of "forest" used in the construction of the proposed FREL is:

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

This definition is consistent with the forest definition reported by Costa Rica under the Clean Development Mechanism (CDM) and is also consistent with the forest definition used in the context of the national GHG inventory. However, this definition is not consistent with Costa Rica's reports to FAO's Forest Resources Assessment (FRA). Under FAO-FRA, Costa Rica defines "forest" as:

- Minimum area: 0.50 ha
- Minimum forest canopy cover: 10%
- Minimum height of trees: 5.00 m

Costa Rica deemed more appropriate to maintain consistency in all its GHG-related reports and therefore decided that using the definition already applied in the context of the national GHG inventory and the CDM would be more appropriate in the context of the REDD+ than using the definition applied in FAO's FRA.

³⁸ 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.

³⁹ 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.

Additionally, article 3 of Costa Rica's Forestry Law 7575 defines "forest" as a "Native or indigenous ecosystem, intervened or not, regenerated by natural succession or other forestry techniques that occupies a surface of two or more hectares, characterized by the presence of mature trees of different ages, species and appearance, with one or more canopies covering over seventy percent (70%) of the area and with more than sixty trees per hectare with a diameter at breast height (dbh) of more than fifteen centimeters". This definition translates to:

- Minimum area: 2.00 ha
- Minimum forest canopy cover: 70%
- Minimum height of trees: N.A.
- Minimum number of trees: 60 per hectare (with a diameter of at least 15 cm at breast height)

Although these definitions are not totally consistent, the definition of "forest" used in the context of REDD+ is broader and largely includes the definition in the law. In the context of the National REDD+ Strategy and the relevant national legislation, the definition of "forest" in the law is applicable for domestic purposes.

Regardless, for all forest definitions, only the minimum area parameter can be measured using Landsat imagery. Tree height and the percent of canopy cover cannot be measured directly with Landsat imagery, although it is often assumed that lands classified as "forest" actually surpass the threshold values of the three parameters used for defining "forest". For this reason, a test was carried out to determine how well the analysis of remotely sensed data performed in classifying "forests" according to its definition. The test involved comparing areas classified as "forest" and "non-forest" with two canopy density maps prepared by an independent study⁴⁰ for the years 2001 and 2012. The result of this assessment revealed that 92.4% of the area classified as "primary forests" (i.e. old-growth forest) and 79.0% of the area classified as "new forest" (i.e. secondary forests and forest plantations) in 2001 presented $\geq 30\%$ of canopy cover, while for 2012 the percentage was 93.5% and 79.3%, respectively. Results for "non-forest" areas showed that only 53.31% of the areas classified as "non-forest" in 2001 presented $< 30\%$ of canopy cover, while for 2012 the percentage was 56.61%. This could be explained by the presence of wooded pastures and agroforestry systems in Costa Rica, and also by inherent error of the canopy-density maps.

8.3. Average annual historical emissions over the Reference Period

Costa Rica's proposed FREL equals the average annual historical emissions over the reference period **1998-2011**; therefore, the FREL fully complies with the first part of indicator 13.2 which states: "*The Reference Level does not exceed the average annual historical emissions over the Reference Period, unless the ER Program meets the eligibility requirements in Indicator 13.2.*"

Description of method used for calculating the average annual historical emissions over the Reference Period

The full description of the approaches, methods, and assumptions used for calculating the **net average annual historical emissions** over the Reference Period, including an explanation how the most recent IPCC guidance and guidelines have been applied as a basis for estimating forest-related greenhouse gas emissions by sources and removals by sinks, is included in [Costa Rica's FREL submission](#) to the UNFCCC. Additional information may be found in the following [technical report](#), as well as [associated information](#) at the REDD+ website. For purposes of the ERPD, key summary information will be included as follows. Please note that

⁴⁰ Agresta, Dimap, University of Costa Rica, Universidad Politécnica de Madrid, 2015. b. Index of cover as base for the estimate of degradation and increase of carbon stocks: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica's REDD plus reference level. Consultancy report prepared for the Government of Costa Rica under the Carbon Fund of Forest Carbon Partnership (FCPF). 18 p.

under the UNFCCC, Costa Rica's FREL includes the historical reference periods 1986-1996 and 1997-2009. More information on how this relates to the proposed reference level to the FCPF Carbon Fund may be found in section 8.6 of the ERPD.

The FREL has been estimated as the **net annual average historical emissions** for 1998-2011 (Table 8.1, Figure 8.1.); the FREL will be applicable for 2012-2025.

According to the national GHG inventory and for purposes of the FREL, deforestation was defined as *FL converted to other lands* in the year of conversion. For enhancement of forest C stocks, it was assumed, based on expert judgment, that secondary vegetation in all forest strata, except dry forests, surpasses the minimum thresholds of the parameters used for defining "forest" at an age of 4 years after land abandonment (8 years for dry forests). *Land converted to FL* transitions to FLFL after 400 years.

C stock enhancement in *lands converted to FL* was estimated using growth models developed in Costa Rica by Cifuentes (2008)⁴¹; these models estimate C stocks as a function of age. Knowing the age of the forest in the year of the conversion and tracking forest age over time made it possible to apply these equations. Emission factors for deforestation were estimated assuming constant C stocks over time in primary forests and variable C stocks according to forest age in new forests.

Table 8.1. Historical emissions and absorptions and proposed reference level for 1998-2011 (in tons of CO₂ equivalent per year).

Year	Total emissions from anthropogenic deforestation	Total absorptions in land converted to Forest land (new forests)	Total net emissions
1998	14,727,298	-3,457,118	11,270,180
1999	14,952,218	-3,728,836	11,223,382
2000	15,170,368	-4,002,603	11,167,766
2001	5,602,111	-4,458,316	1,143,796
2002	5,725,971	-4,431,811	1,294,160
2003	5,846,018	-4,410,160	1,435,858
2004	5,962,378	-4,393,061	1,569,317
2005	6,075,164	-4,378,745	1,696,419
2006	6,184,485	-4,367,188	1,817,297
2007	6,290,444	-4,358,413	1,932,031
2008	5,246,930	-4,648,116	598,815
2009	5,411,789	-4,732,261	679,528
2010	5,571,738	-4,818,778	752,960
2011	5,726,902	-4,907,778	819,124
Total	108,493,815	-61,093,183	47,400,632
Average	7,749,558	-4,363,799	3,385,759

⁴¹ 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.

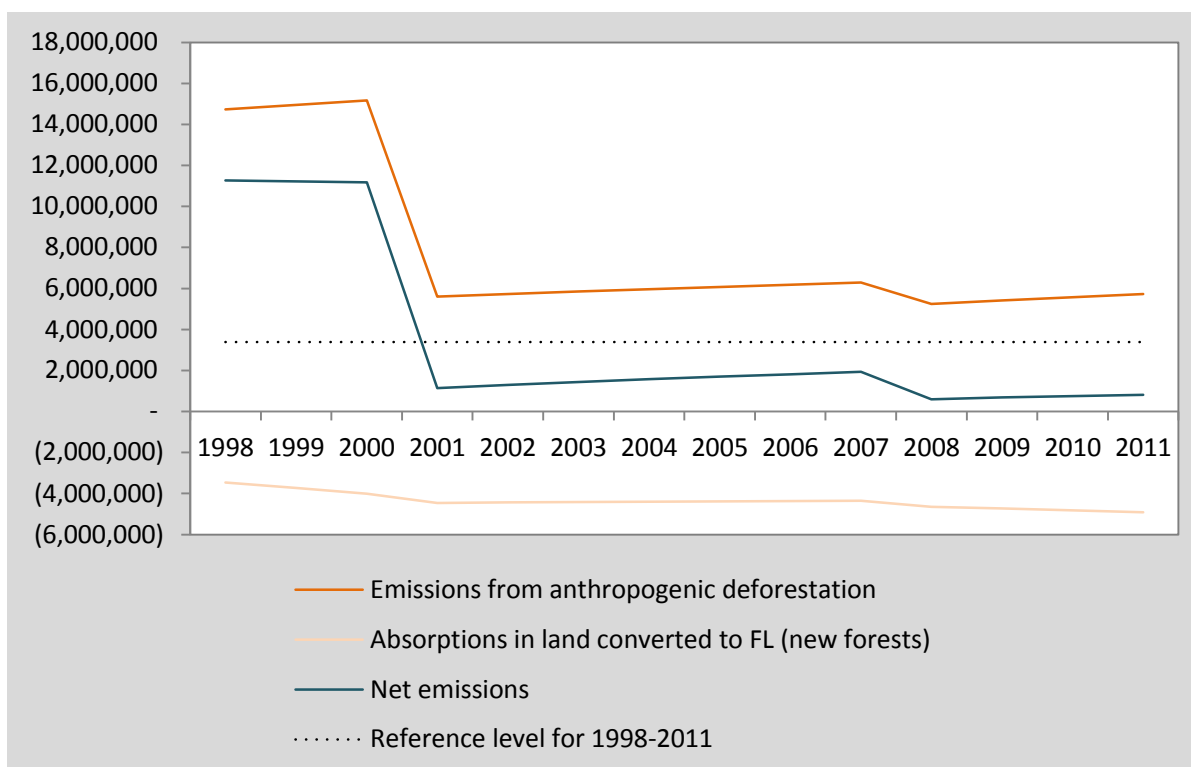


Figure 8.1. Historical emissions and absorptions and proposed reference level for 1998-2011 (in tons of CO₂ equivalent per year).

Activity data and emission factors used for calculating the average annual historical emissions over the Reference Period

ACTIVITY DATA (AD)

Land classification for deriving AD is consistent with the national GHG inventory (except for forest plantations, as explained below). The classes defined were:

1. Forest land and land converted to *Forest land*:
 - 1.1 Wet and Rain Forests (*Bosques muy húmedos y pluviales*)
 - 1.1.1 Primary Forest
 - 1.1.2 Secondary forests
 - 1.2 Moist Forests (*Bosques húmedos*)
 - 1.2.1 Primary forest
 - 1.2.2 Secondary forest
 - 1.3 Dry Forests (*Bosques secos*)
 - 1.3.1 Primary forest
 - 1.3.2 Secondary forest
 - 1.4 Mangroves (*Manglares*)
 - 1.4.1 Primary forest
 - 1.4.2 Secondary forest
 - 1.5 Palm Forests (*Bosques de palma – Yolillales*)
 - 1.5.1 Primary forest
 - 1.5.2 Secondary forest
2. *Cropland*:
 - 2.1 Annual crops
 - 2.2 Perennial crops

3. *Grassland*
4. *Settlements*
5. *Wetlands:*
 - 5.1 Natural wetlands
 - 5.2 Artificial wetlands
6. *Other lands:*
 - 6.1 Paramo
 - 6.2 Bare soil
 - 6.2.1 Natural bare soil
 - 6.2.2 Artificial bare soil

FLFL since 1985/86 that was not classified as “secondary forest” in this year⁴² was assumed to be old-growth forest or “**primary forest**”. Primary forests are assumed to maintain constant C stocks per hectare over time, given that growth usually equals mortality. “**Secondary forests**” are new forests on lands previously classified as “non-forest”. They also include forests that were classified as “secondary forest” already in 1985/86. Secondary forests in 1985/86 are assumed to be representative of all possible age classes, up to 400 years, with equal proportions of areas. To estimate C accumulation in these forests, it was assumed that all age classes grow old one year each year.

Secondary forests established after 1985/86 were assumed to have a number of age-classes equal to the number of years in the measurement period, *i.e.* 6 age classes for 1986-1991 and 1992-1997; 3 age classes for 1998-2000; 7 age classes for 2001-2007; 4 age classes for 2008-2011 and 2 ages classes for 2012-13. It was also assumed that, within a monitoring period, the same amount of area was established each year (*e.g.* for each hectare established between 1986 and 1991 it was assumed that 1/6 hectares were established annually).

Despite all efforts, it was not possible to keep forest plantation as a separate class. The quality of the satellite imagery employed was not sufficient to overcome the spectral confusion of forest plantation with secondary forests and certain agro-forestry systems. As other sources of national information on forest plantation are neither spatially explicit nor complete for 1997-2009; therefore, forest plantations could not be considered in the FREL.

For these same reasons, some areas classified as “secondary forest” and as “permanent crop” may actually be forest plantations. Hence, the terminology “new forest” is considered more appropriate than “secondary forests”. Given this situation, the emission factor(s) applied to “new forests” does not differentiate between tree plantations and secondary forests.

The construction of the AD time series required the following sources of data:

- Remotely sensed data from four generations of the Landsat family (Landsat 4 TM, Landsat 5 TM, Landsat 7 ETM and Landsat 8 OLI/TIRS).
- A “Life Zones” map according to the classification system of Holdridge (1966)⁴³. This map was used to stratify “Forests” into the three sub-categories: “Wet and Rain Forests”, “Moist Forests” and “Dry Forests” (see Figure 5).
- Ancillary data (*i.e.* the various maps mentioned in the next section) to edit the results of the spectral classification of remotely sensed data and to further stratify the five forest categories “Wet

⁴² To determine whether a forest was “primary” or “secondary” in 1985/1986, a map of the IMN depicting areas of secondary forests for 1978/1980 was employed.

⁴³ Holdridge, L.R., 1966. The Life Zone System, *Adansonia VI*: 2: 199-203.

and Rain Forests”, “Moist Forests”, “Dry Forests”, “Mangroves” and “Palm Forests” into the sub-categories “primary forests” and “secondary forest.

AD was estimated based on the methodology summarized here; further information may be found in a separate report⁴⁴ available at [Costa Rica’s REDD+ Documentation Center](#).

Pre-processing:

- **Selection of satellite images.** To minimize the area covered by clouds and cloud shadows, low cloud-coverage Landsat images were combined. In most cases, the scenes were selected from the same year and season but, in some cases it was necessary to select scenes from different years within a 14-month timeframe.
- **Registration.** All images were registered to a common system of coordinates (CRTM05). Mean quadratic error in control points was less than one pixel (30 m). Maximum registration error was estimated at 2 pixels (60 m). Ground control points were obtained from ortho-photographs from year 2005.
- **Radiometric normalization.** To reduce radiometric differences between images due to atmospheric conditions and in the calibration of the sensors at the image acquisition dates, all images were radiometrically normalized, by applying the “Iteratively Reweighted Multivariate Alteration Detection” (IR-MAD), as described by Canty and Nielsen (2008)⁴⁵.

Classification:

- **Methodology.** “Random Forest” (RF) by Breiman (2001)⁴⁶ was employed. This was implemented in two phases: (1) training or adjustment of the RF classifier, and (2) image classification using the RF classifier.
- **Training of the RF classifier.** Training sites were created by digitalizing homogeneous areas that corresponded to the land use categories of interest for 2001 and 2014. The following sources of data were used to create these training sites: (1) systematic plot grid ($n = 10,000$) from the national Forest Inventory, (2) high-resolution Rapideye images for 2013; and (3) Google Earth imagery. Using these datasets, ground-control points for training were generated randomly.
- **Variables of the RF classifier:** 20 variables were used to adjust the RF classifier using information from the spectral bands, vegetation indexes, variables related to the image texture and variables derived from a digital elevation model.

Post-processing:

⁴⁴ Agresta, Dimap, Universidad de Costa Rica, Universidad Politécnica de Madrid, 2015.a. Informe Final: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica’s REDD plus reference level: Protocolo metodológico. Informe preparado para el Gobierno de Costa Rica bajo el Fondo de Carbono del Fondo Cooperativo para el Carbono de los Bosques (FCPF). 44 p.

⁴⁵ Canty, M. J. y A. A. Nielsen, 2008. Automatic radiometric normalization of multitemporal satellite imagery with the iteratively re-weighted MAD transformation. *Remote Sensing of Environment* 112 (2008):1025-1036.

⁴⁶ Breiman, L., 2001. Random Forests. *Machine Learning*, 45:5-3. Available at: <http://link.springer.com/article/10.1023/A%3A1010933404324>

- **Minimum mapping unit.** To avoid the “salt and pepper” effect and comply with the minimum area parameter of the definition of “forest: (1.00 ha), the products of the digital classification were filtered in order to represent the land use categories with a minimum mapping unit of 0.99 ha⁴⁷.
- **Manual editions.** In order to improve land use mapping, several editions were made, largely aimed at decreasing high classification errors:
 - (1) “*Forest Plantations*” were merged with the “*Forest land*” category (see Section 4.3.1.). This means that although initially classified as a separate class, “*Forest Plantations*” presented a very high classification error and, for purpose of GHG estimation, it was treated as *Forest land*”.
 - (2) For estimating the area of “*Coffee Plantations*”, several ancillary maps were used from the Ministry of Agriculture (MAG), the Costa Rican Coffee Institute (ICAFFE) and the Costa Rican Meteorological Institute (IMN). These maps were used to correct the classified areas for the years 2000/01, 2007/08, 2011/12 and 2013/14. For previous maps, a mask representing potential “*Coffee Plantation*” areas was created using the location and elevation of all areas mapped as “*Coffee Plantations*” considering all available sources of information (MAG, ICAFFE and IMN).
 - (3) “*Mangroves*” and “*Palm Forests*” are forest ecosystems that exist in very specific soil conditions (e.g. high water table and, in the case of Mangroves, high salinity and influence of tides). This makes conversions of Mangroves and Palm Forests to other forest types, and vice versa, highly unlikely. For this reason, masks were created to represent all potential areas of “*Mangroves*” and “*Palm Forests*”. Within these masks, all pixels originally classified as “*Forest*” were reclassified either as “*Mangroves*” or as “*Palm Forests*”; all pixels classified as “*Mangroves*” or “*Palm Forests*” outside the two masks were reclassified as “*Forest*”.
- The “*Mangroves*” mask was created by adding all areas classified as “*Mangroves*” for 1986-2013 to the area classified as “*Mangroves*” according to the National Forest Inventory. Further, all areas <0 and > 20 m.a.s.l classified as “*Mangroves*” were reclassified as “*Forest*”. The reclassification was then edited manually by visually comparing the areas classified as “*Mangroves*” with 2013 high-resolution Rapideye images.
- The “*Palm Forests*” mask was created using a similar approach. First all areas classified as “*Palm Forests*” for 1986-2013 were added to the area classified as “*Palm Forest*” according to the national Forest Inventory. The result was then manually edited by visually comparing the areas classified as “*Palm Forest*” with 2013 high resolution Rapideye images.
- (4) A mask was also created for “*Paramo*”. “*Paramo*” is an ecosystem composed of shrubs and grasses that only occurs at high elevations, above the forest line. The area classified as “*Paramo*” in the National Forest Inventory was manually edited through visual interpretation using 2013 high resolution Rapideye images. Inside the mask, all pixels classified as “*Forest*” were reclassified as “*Paramo*”; conversely, all pixels classified as “*Paramo*” outside the mask were reclassified as “*Forest*”.

⁴⁷ Due to the dimensions of the pixels in the Landsat images (30.00 m x 30.00 m) the minimum mapping area is 99 ha, which is equivalent to 11 pixels (11 x 30.00 m x 30.00 m).

- (5) All masks representing “Mangroves”, “Palm Forests” and “Paramo” have been compiled in a map of masks that will be kept in order to enable consistent map editions in future measurement and reporting (Figure 6).
- (6) Areas classified as “Urban Areas” in 2013/14 were manually edited through visual interpretation of 2013 high resolution Rapideye images and creation of a mask representing “Urban Areas” in 2013/14. Pixels originally classified as “Urban Areas” outside the mask were reclassified as “Bare Soil” and conversely, pixels classified as “Bare Soil” inside this mask were reclassified as “Urban Areas”. Additionally, under the assumption that “Urban Areas” never convert to other land use categories, all pixels within the 2013/14 “Urban Areas” mask that were classified as “Urban Areas” at some date between 1986 and 2013 were forced to remain “Urban Areas” in all posterior dates.
- (7) In order to assign secondary forests to a forest type (Wet and Rain Forests, Moist Forests, Dry Forests, Mangroves, Palm Forests) a map of potential forest types was created. This map will also be used in future measurements for determining the forest type of secondary forests. The map of potential forest types (Figure 7) was created by combining the life-zones as shown in Figure 5 and then overlapping the map of the masks of potential areas of “Mangroves”, “Palm Forests” and “Paramo” shown in Figure 6.

Methods for determining AD from land use change

AD were estimated by combining all land use maps created for 1998-2011 in a Geographical Information System (GIS) and then extracting from the combined set of multi-temporal data the values of the areas that remained in the same category or converted to other land use categories. The results of this operation are reported in land use change matrices prepared for each measurement period in the sheets “LCM 1986-91”, “LCM 1992-97”, “LCM 1998-00”, “LCM 2001-07”, “LCM 2008-11”, and “LCM 2012-13” of the spreadsheets tool “[FREL TOOL CR.xlsx](#)”.

To obtain annual AD, the land use change matrices were interpolated as follows:

- For all cells of the land use change matrices (except for the cells in the top/left – bottom/right diagonal):

$$AD_t = AD_p / T$$

Where:

AD_t Interpolated annual AD applicable to year t within the monitoring period p ; ha yr⁻¹

AD_p AD for the period p ; ha in p years

T Number of years elapsed in the period p (e.g. 6 years for period 1986-91); years

- For all cells in the top/left – bottom/right diagonal of the land use change matrices:

$$AD_t = A_{(t-1)} - \Sigma(AD_{left_t}) - \Sigma(AD_{right_t})$$

Where:

AD_t Interpolated annual AD applicable to year t within the period p ; ha yr⁻¹

$A_{(t-1)}$ Area of the initial land use category at the end of the previous year ($t-1$); ha

$\Sigma(AD_{left_t})$	Sum of all annual AD of year t in the cells of the same line of the matrix at the left of the cell for which AD is calculated; ha
$\Sigma(AD_{right_t})$	Sum of all annual AD of year t in the cells of the same line of the matrix at the right of the cell for which AD is calculated; ha

The estimated annual AD are reported in the sheets “AD AAAA” of “[FREL TOOL CR.xlsx](#)” (“AAAA” indicates the year).

Table 8.2. Annual loss of primary forests.

	Primary Forests	1986-91	1992-97	1998-00	2001-07	2008-11	2012-13
	Forest category	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹
DF	Wet and Rain Forests	12,058.12	6,951.17	8,142.45	3,555.36	3,337.83	2,836.40
DF	Moist Forests	28,712.62	9,684.13	17,202.96	5,358.57	3,598.18	4,982.94
DF	Dry Forests	1,197.44	386.80	836.79	130.68	75.22	267.98
DF	Mangroves	366.25	116.04	225.18	77.88	62.15	54.23
DF	Palm Forests	2,215.37	1,224.44	1,786.35	638.27	713.25	368.24
DF	Total primary forests	44,549.80	18,362.58	28,193.73	9,760.76	7,786.62	8,509.77
NL	Wet and Rain Forests	214.52	93.45	66.63	66.56	111.22	51.35
NL	Moist Forests	116.88	27.63	38.73	52.60	48.04	54.68
NL	Dry Forests	0.51	0.57	0.75	0.08	-	2.93
NL	Mangroves	272.46	38.25	61.56	86.55	56.21	48.02
NL	Palm Forests	142.14	76.41	95.13	58.45	75.69	121.10
NL	Total primary forests	746.50	236.31	262.80	264.24	291.15	278.06
TL	Wet and Rain Forests	12,272.64	7,044.62	8,209.08	3,621.92	3,449.05	2,887.74
TL	Moist Forests	28,829.50	9,711.76	17,241.69	5,411.17	3,646.22	5,037.62
TL	Dry Forests	1,197.95	387.37	837.54	130.76	75.22	270.90
TL	Mangroves	638.71	154.29	286.74	164.43	118.35	102.24
TL	Palm Forests	2,357.51	1,300.85	1,881.48	696.72	788.94	489.33
TL	Total primary forests	45,296.31	18,598.89	28,456.53	10,025.00	8,077.77	8,787.83

- **DF** = Deforestation; **NL** = Non-anthropogenic loss; **TL** = Total Loss.

Table 8.3. Annual loss of new forests.

	New Forests	1986-91	1992-97	1998-00	2001-07	2008-11	2012-13
	Forest category	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹	ha yr ⁻¹
DF	Wet and Rain Forests	1,926.02	3,511.47	6,842.97	3,350.26	5,143.64	5,984.73
DF	Moist Forests	4,342.31	6,170.09	17,245.50	9,403.29	10,906.81	17,860.41
DF	Dry Forests	61.43	165.42	539.22	146.02	383.69	609.62
DF	Mangroves	49.26	136.34	360.06	138.79	219.56	260.51
DF	Palm Forests	18.30	320.28	1,260.78	455.82	568.76	617.09
DF	Total new forests	6,397.31	10,303.59	26,248.53	13,494.19	17,222.45	25,332.35
NL	Wet and Rain Forests	75.76	35.30	138.51	66.57	137.21	107.28
NL	Moist Forests	61.68	37.10	97.02	92.60	109.62	147.92
NL	Dry Forests	0.02	1.22	0.39	0.14	0.27	3.24
NL	Mangroves	9.59	28.05	178.32	71.60	92.00	177.30
NL	Palm Forests	0.08	12.77	98.43	58.36	89.93	149.27
NL	Total new forests	147.12	114.42	512.67	289.27	429.03	585.00
TL	Wet and Rain Forests	2,001.78	3,546.77	6,981.48	3,416.84	5,280.84	6,092.01
TL	Moist Forests	4,403.99	6,207.18	17,342.52	9,495.89	11,016.43	18,008.33
TL	Dry Forests	61.44	166.64	539.61	146.16	383.96	612.86
TL	Mangroves	58.85	164.39	538.38	210.39	311.56	437.81
TL	Palm Forests	18.38	333.05	1,359.21	514.18	658.69	766.35
TL	Total new forests	6,544.43	10,418.01	26,761.20	13,783.46	17,651.48	25,917.35

- **DF** = Deforestation; **NL** = Non-anthropogenic loss; **TL** = Total Loss.

Table 8.4. New forests existing at the end/start of each period.

	New Forest		1985/86	1991/92	1997/98	2000/01	2007/08	2011/12	2013/14
		Cohort	ha	ha	ha	ha	ha	ha	ha
AE	Wet and Rain Forests	...-1985	155,736.63	143,725.95	136,417.86	132,867.36	128,482.38	126,376.83	125,269.65
		1986-91	0.00	72,110.52	58,138.02	47,139.30	41,460.12	38,342.52	37,202.85
		1992-97	0.00	0.00	34,012.71	27,617.49	20,833.38	18,387.81	17,642.25
		1998-00	0.00	0.00	0.00	36,330.75	29,261.16	23,815.08	21,976.92
		2001-07	0.00	0.00	0.00	0.00	47,171.34	39,162.78	35,067.78
		2008-11	0.00	0.00	0.00	0.00	0.00	31,148.91	27,890.46
		2012-13	0.00	0.00	0.00	0.00	0.00	0.00	43,937.19
AE	Moist Forests	...-1985	218,226.69	191,802.78	182,115.36	173,450.79	165,067.65	162,410.76	160,325.73
		1986-91	0.00	149,696.28	122,140.62	97,306.29	83,812.68	78,632.91	75,798.27
		1992-97	0.00	0.00	98,490.87	79,962.21	57,203.46	50,783.04	48,241.62
		1998-00	0.00	0.00	0.00	95,699.70	73,863.99	57,683.07	50,013.36
		2001-07	0.00	0.00	0.00	0.00	74,943.36	61,315.65	51,689.43
		2008-11	0.00	0.00	0.00	0.00	0.00	84,833.46	73,573.83
		2012-13	0.00	0.00	0.00	0.00	0.00	0.00	89,883.27
AE	Dry Forests	...-1985	5,926.41	5,557.77	5,350.68	5,104.71	5,051.52	5,031.18	5,000.22
		1986-91	0.00	6,750.81	5,958.09	4,979.79	4,745.70	4,639.77	4,517.91
		1992-97	0.00	0.00	5,242.23	4,847.67	4,510.62	4,338.63	4,214.70
		1998-00	0.00	0.00	0.00	6,739.11	6,340.32	5,428.26	5,216.04
		2001-07	0.00	0.00	0.00	0.00	2,882.70	2,557.17	2,167.92
		2008-11	0.00	0.00	0.00	0.00	0.00	2,152.89	1,805.40
		2012-13	0.00	0.00	0.00	0.00	0.00	0.00	1,853.19
AE	Mangroves	...-1985	2,683.17	2,330.10	2,183.40	2,088.36	1,982.34	1,938.24	1,928.52
		1986-91	0.00	4,665.33	3,825.72	3,262.14	2,895.21	2,727.63	2,647.62
		1992-97	0.00	0.00	2,816.82	1,860.30	1,327.95	1,148.76	1,074.87
		1998-00	0.00	0.00	0.00	1,394.64	927.18	710.73	635.58
		2001-07	0.00	0.00	0.00	0.00	1,858.50	1,219.59	1,024.02
		2008-11	0.00	0.00	0.00	0.00	0.00	1,862.55	1,421.28
		2012-13	0.00	0.00	0.00	0.00	0.00	0.00	2,126.43
AE	Palm Forests	...-1985	795.51	685.26	605.70	594.00	564.39	551.52	550.17
		1986-91	0.00	9,213.30	7,294.59	4,767.93	4,074.39	3,752.73	3,609.72
		1992-97	0.00	0.00	5,513.58	3,974.31	2,640.33	2,248.02	2,123.01
		1998-00	0.00	0.00	0.00	5,878.98	4,336.83	3,492.36	3,350.25
		2001-07	0.00	0.00	0.00	0.00	4,157.55	3,094.11	2,730.78
		2008-11	0.00	0.00	0.00	0.00	0.00	4,309.65	3,551.76
		2012-13	0.00	0.00	0.00	0.00	0.00	0.00	8,421.39
AE	Wet and Rain Forests		155,736.63	215,836.47	228,568.59	243,954.90	267,208.38	277,233.93	308,987.10
AE	Moist Forests		218,226.69	341,499.06	402,746.85	446,418.99	454,891.14	495,658.89	549,525.51
AE	Dry Forests		5,926.41	12,308.58	16,551.00	21,671.28	23,530.86	24,147.90	24,775.38
AE	Mangroves		2,683.17	6,995.43	8,825.94	8,605.44	8,991.18	9,607.50	10,858.32
AE	Palm Forests		795.51	9,898.56	13,413.87	15,215.22	15,773.49	17,448.39	24,337.08
AE	Total new forest		383,368.41	586,538.10	670,106.25	735,865.83	770,395.05	824,096.61	918,483.39

AE = Areas with enhancement of forest C stocks.

EMISSION FACTORS (EF)

Methods for determining C stocks

Given that the first National Forest Inventory (NFI) campaign was underway during the construction of the FREL, a 289-plot sample was used for estimating EF. NFI data were complemented with additional information given that:

- The NFI did not measure C stocks for some of the land use categories considered in the national GHG inventory and in the FREL, such as non-Forest land use categories and categories of age classes of secondary forests
- The NFI and the national GHG inventory differ in their forest classifications. However, using the location of the 289 NFI plots, it was possible to allocate each plot to the five forest strata considered for FL in order to estimate average C stocks per hectare per stratum

To collect additional C stock data, a meta-analysis that involved the revision of 110 publications was carried out. To consider a publication, the following criteria must have been met:

- The publication reported data from direct measurements carried out in Costa Rica
- Measurements were carried out after the year 2005
- Data were sufficiently disaggregated in order to obtain information on C stocks for relevant land use categories and C pools listed in the previous sections
- The publications included information on uncertainties related to the C stock estimates

All data collected were compiled in an Excel database (cf. [BaseDeDatos v5 \(28.12.2015\).xlsx](#)).

Average C stocks by C pool and land use category were estimated from the consulted sources of information (NFI and selected studies from the meta-data analysis). All C stock estimates from the consulted sources were compiled in [BaseDeDatos v5 \(28.12.2015\).xlsx](#) in tons of C per hectare (tC ha^{-1}), using IPCC's default carbon fraction (0.47) when the values were reported in tons of dry matter (t d.m. ha^{-1}). All information related to C stock estimates, such as information on land use, number of sampling units, plot size, allometric equation used, etc., were also recorded.

A total of 184 values for forest C pools and 194 for non-forest C pools were found. The analysis included the following:

Forest-related C stocks:

Above-ground tree biomass (AGB.t)

Primary forests: C stocks per hectare were estimated as the area-weighted average C stock value from the selected sources, using the sampled area as weighting criterion. For Mangroves and Palm Forests, a simple arithmetic mean was calculated.

Secondary forests: C stocks in total above-ground biomass (TAGB) of Wet and Rain Forests, Moist Forests and Dry Forests were estimated using the equations developed by Cifuentes (2008) for Costa Rican secondary forests based on direct measurements in 54 plots located in age classes between 0 and 82 years. For Mangroves and Palm Forests, a linear function was assumed for estimating C stocks as a function of age. The following equations were applied:

Wet and Rain Forests (Cifuentes, 2008, Table 2.5, p. 42, equation for “Tropical Wet”):

$$TAGB_t = B_{max} * [1 - e^{(-0.0186*t)}]^1$$

Moist Forests (Cifuentes, 2008, Table 2.5, p. 42, equation for “Tropical Permontane Wet Transition to Basal-Atlantic”):

$$TAGB_t = B_{max} * [1 - e^{(-0.0348*t)}]^1$$

Dry Forests (Cifuentes, 2008, Table 2.5, p. 42, equation for “Tropical Dry”):

$$TAGB_t = B_{max} * [1 - e^{(-0.113*t)}]^{5.1411}$$

Mangroves and Palm Forest the following linear equation was applied:

$$TAGB_t = \frac{B_{max}}{100} * t, \text{ when } t \leq 100$$

$$TAGB_t = B_{max}, \text{ when } t > 100$$

It was assumed that the maximum biomass in secondary forests (B_{max}) equals the biomass estimated for primary forests.

Below-ground tree biomass (BGB.t): The values reported in the selected sources were calculated using either allometric equations or root-to-shoot factors. To standardize the method it was decided to recalculate all below-ground biomass values using Cairns *et al.* (1997)⁴⁸.

$$BGB.t = e^{-1.085+0.9256*LN(AGB.t)}$$

Where:

BGB.t Below-ground tree biomass; t d.m. ha⁻¹

AGB.t Above-ground tree biomass; t d.m. ha⁻¹

This equation was applied to both, primary and secondary forests.

Dead wood (DW):

Primary forests: Many studies do not report the different types of DW, such as standing deadwood (DW.s) lying dead wood (DW.l) and below-ground dead wood (DW.b). For this reason, all selected values are reported as DW (in the column DW.s in the sheet “C-STOCKS” of the [FREL TOOL CR.xlsx](#)). As for AGB.t, the values were estimated as the area-weighted average of selected studies (except for Mangroves and Palm Forests, where the a simple arithmetic mean was calculated).

Secondary forests: It was assumed that the DW/AGB.t ratio in primary forests also applies to secondary forests.

Litter (L): As in the case of DW, C stocks per hectare per stratum of primary forests were estimated as the area-weighted average of the values reported in the selected studies (except for Mangroves and Palm Forests, where a simple arithmetic mean was calculated). For secondary forests, C stocks were estimated assuming the same L/AGB.t ratio found in primary forests.

⁴⁸ Cairns M.A., Brown S., Helmer E.H., and Baumgardner G.A. (1997). Root biomass allocation in the world’s upland forests. *Oecologia* 111: pp. 1-11.

Harvested wood products (HWP.F4): for *FL converted to other land*, it was assumed that high-value timber is harvested before conversion. The saw wood fraction of HWP (Fraction 4) was assumed not to oxidize.

To estimate harvested C stocks in HWP.F4, it was assumed that 35% of total biomass in primary forests is stored in trees ≥ 60 cm dbh and that these trees are harvested. This assumption is supported by Eguiguren-Velepucha (2013)⁴⁹ for a tropical wet forest; further, 60 cm is the minimum diameter for harvestable timber in Costa Rica. For secondary forests, it was assumed that 50% of total biomass is in trees with ≥ 40 cm dbh are harvested. These assumptions were made for all strata, except Palm Forest where high-value timber was assumed to be absent and no harvesting occurs.

The following equation was used to calculate C stock in HWP:

$$C_{HWP.Fx} = C_{AGB.t} * HWP\% * BCEF^{-1} * SAW\% * FX\%$$

Where:

$C_{HWP.Fx}$	C stock in harvested wood products, fraction X; tCO ₂ -e ha ⁻¹
$C_{AGB.t}$	Carbon stock in above-ground tree biomass; tCO ₂ -e ha ⁻¹
HWP%	Percentage of tree biomass extracted as HWP prior to the conversion to non-forest (35% in primary forests and 50% in secondary forests); %
BCEF	Biomass conversion and expansion factor to convert biomass in merchantable timber to total biomass (2.0, which is the lowest value given by IPCC, 2003, LULUCF, Table 3A.1.10); dimensionless
SAW%	Sawmill efficiency in converting log volume to timber products (0.7 for primary forests and 0.5 for secondary forest according to FONAFIFO, 2015 ⁵⁰ and expert judgment); %
FX%	Proportion of Fraction X in total HWP; %

For the saw wood fraction (Fraction 4) the value 36.7% is used (source: FONAFIFO, 2015).

C stocks in non-Forest land uses:

C stocks in these land use categories were estimated as the average values reported by the selected studies.

- **Cropland:** C stock values reported in selected studies showed high variability, depending on crop type (sugar cane, coffee, banana, cocoa, etc.). For this reason, an area-weighted average C stock was calculated.
- **Grassland:** C stocks were estimated as the average values reported in different C pools in the selected studies.
- **Settlements and Wetlands:** no studies could be found reporting biomass values for these categories. It was assumed that their C stock is zero.
- **Other Land:** studies were found reporting C stocks for *Paramo*. In the case of *Bare Soil* it was assumed that the biomass C stocks are zero.

For full detail please check [BaseDeDatos_v5 \(28.12.2015\).xlsx](#) and [FREL TOOL CR.xlsx](#).

⁴⁹ Eguiguren-Velepucha, P. A. 2013. Los efectos de intervenciones forestales y la variabilidad climática sobre la dinámica a largo plazo de bosques tropicales en el noreste de Costa Rica. Turrialba (Costa Rica): CATIE, 2013.

⁵⁰ FONAFIFO (2015) - Informe Final - Aumentando los acervos de carbono en productos de madera y derivados en Costa Rica.

Methods for determining EF from C stocks

C stock changes (ΔC) were estimated using the *Stock-Difference Method* by applying IPCC (2006) equation 2.5 (cf. Volume 2, Chapter 2, Section 2.2.1.). All results were multiplied by the stoichiometric ratio 44/12, as follows:

$$\Delta C = \frac{(C_{t2} - C_{t1})}{(t2 - t1)} * 44/12$$

Where:

ΔC C stock changes associated to the land use transition i in year t ; tCO₂-e ha⁻¹

C_{t1} C stock at time $t1$, t CO₂ ha⁻¹

$t1$ in all cases was the 1st of January of each year t , i.e. C_{t1} is the C stock per hectare existing at the beginning of the year, before the conversion occurs. The estimated values are reported in the column K of the sheets "ER AAAA" (where "AAAA" stands for the year t) in the [FREL TOOL CR.xlsx](#).

C_{t2} C stock at time $t2$, t CO₂ ha⁻¹

$t2$ in all cases was the 31st of December of each year t , i.e. C_{t2} is the C stock per hectare existing at the end of the year, after the conversion occurred. The estimated values are reported in the lines 19⁵¹ and 20⁵² of the sheets "ER AAAA" (where "AAAA" stands for the year t) in the [FREL TOOL CR.xlsx](#).

$t2 - t1$ In all cases the C stock changes were estimated annually, i.e. $t2 - t1 = 1$ year.

Therefore:

$$C_{tot} = C_{AGB} + C_{BGB} + C_{DW} + C_L$$

Where:

C_{tot} Total C stock for the land use category LU ; tCO₂-e ha⁻¹

C_{AGB} C stock in the above-ground biomass for land use category LU ; tCO₂-e ha⁻¹

C_{BGB} C stock in the below-ground biomass for land use category LU ; tCO₂-e ha⁻¹

C_{DW} C stock in dead wood for land use category LU ; tCO₂-e ha⁻¹

C_L C stock in the litter for land use category LU ; tCO₂-e ha⁻¹

It is important to note that for conversions of FL to other land use, C_{AGB} in $C_{tot,t1}$ is estimated as follows:

$$C_{AGB,t1} = C_{AGB,t1-1} - C_{HWP.F4}$$

Where:

$C_{AGB,t1}$ C stock in above-ground biomass after harvest, but before conversion; tCO₂-e ha⁻¹

$C_{AGB,t1-1}$ C stock in the above-ground biomass before harvest; tCO₂-e ha⁻¹

$C_{HWP.F4}$ C stock in HWP, fraction 4 (saw wood) as estimated with Eq.10.

Note: It is assumed that C stock in HWP.F4 is not oxidized.

In consistency with the National GHG Inventory, in conversions of permanent crops to secondary forests it was assumed that only the non-tree component of the biomass ($C_{AGB,n}$) of the permanent crop oxidizes. The

⁵¹ The C stock values reported in line 19 represent total C stocks existing in new forests at the end of the first year at which they meet the definition of "Forest", i.e. 4 years for all forest strata and 8 years for dry forests. These values are used to estimate ΔC in conversions of non-Forest land use categories to Forest land (new forests) and conversions of other land use categories to permanent crops.

⁵² The C stock values reported in line 20 represent total C stocks existing in the land use categories at the end of the year. They are used to estimate ΔC in all land use transitions, except conversions of non-Forest land use categories to Forest land (new forests) and conversion of other land use categories to permanent crops.

tree component of the biomass ($C_{AGB,t}$) is assumed to continue as part of the secondary forest and is not oxidized.

Calculation of the average annual historical emissions over the Reference Period

The proposed FREL was defined as the net annual average historical emissions. Annual emissions or absorptions were estimated for all land transitions i by REDD+ activity, and then adding the results for all selected REDD+ activities for each year:

$$ER_{RA,t} = \sum_{i=1}^I (AD_{RA,i,t} * EF_{RA,i,t})$$

Where:

$ER_{RA,t}$	Emissions or removals associated to REDD+ activity RA in year t ; tCO ₂ -e yr ⁻¹
$AD_{RA,i,t}$	AD associated to REDD+ activity RA for the land use transition i in year t ; ha yr ⁻¹
$EF_{RA,i,t}$	EF associated to REDD+ activity RA applicable to the land use transition i in year t ; tCO ₂ -e ha ⁻¹
i	A land use transition represented in a cell of the land use change matrix; dimensionless
I	Total number of land use transitions related to REDD+ activity RA ; dimensionless
t	A year of the historical period analyzed; dimensionless

In the [FREL TOOL CR.xlsx](#), this procedure is performed in the sheets “ER AAAA” (“AAAA” = t). The allocation of each cell of the land use change matrices to a REDD+ activity is shown in the sheet “REDD+ ACT”.

Emissions from deforestation

Description of the parameter including the time period covered (e.g. forest-cover change between 2000 – 2005 or transitions between forest categories X and Y between 2003-2006):	<ul style="list-style-type: none"> AD for anthropogenic deforestation Average annual forest loss for <u>1998-2011</u>
Explanation for which sources or sinks the parameter is used (e.g. deforestation or forest degradation):	Anthropogenic deforestation
Data unit (e.g. ha/yr):	ha year ⁻¹
Value for the parameter:	<ul style="list-style-type: none"> Total anthropogenic deforestation: 30,438 ha yr⁻¹ Primary forest anthropogenic deforestation: 13,147 ha yr⁻¹ New forest anthropogenic deforestation: 17,292 ha yr⁻¹
Source of data (e.g. official statistics) or description of the method for developing the data, including (pre-) processing methods for data derived from	<ul style="list-style-type: none"> Land-cover maps (LCM). The methods used to produce these maps are described in a separate report⁵³ Land Use Change Matrices produced by intersecting LCM. These matrices may be reviewed in the FREL TOOL CR. Annualized Land Use Change Matrixes produced by interpolation of

⁵³Agresta, Dimap, Universidad de Costa Rica, Universidad Politécnica de Madrid, 2015.a. Informe Final: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica’s REDD plus reference level: Protocolo metodológico. Informe preparado para el Gobierno de Costa Rica bajo el Fondo de Carbono del Fondo Cooperativo para el Carbono de los Bosques (FCPF). 44 p.

remote sensing images (including the type of sensors and the details of the images used):	Land Use Change Matrices by period. These matrices can be reviewed in the FREL TOOL CR .
Spatial level (local, regional, national or international):	National, differentiated by type, six forest types sub-divided in “primary” and “new forest” sub-categories: age cohorts corresponding to the measurement periods (... - 1985, 1986-91, 1992-97, 1998-01, 2002-07, 2008-11, 2012-13).
Discussion of key uncertainties for this parameter:	As described in section 12, the uncertainty level of deforestation AD forest is very high.
Estimation of accuracy, precision, and/or confidence level, as applicable and an explanation of assumptions/methodology in the estimation:	The methods used to conduct the uncertainty analysis are described in detail in a separate report ⁵⁴ . However, as described in section 12, uncertainties associated to AD are very high, with a relative error of 22% for the deforestation activity data, at 90% of the significance level.

Enhancement of C forest stocks

Description of the parameter including the time period covered (e.g. forest-cover change between 2000 – 2005 or transitions between forest categories X and Y between 2003-2006):	<ul style="list-style-type: none"> AD for forest C stocks enhancement Annual average for period <u>1998-2011</u>
Explanation for which sources or sinks the parameter is used (e.g. deforestation or forest degradation):	Forest C stocks enhancement in new forests.
Data unit (e.g. ha/yr):	ha year ⁻¹
Value for the parameter:	Total for new forests: 760,489 ha yr ⁻¹
Source of data (e.g. official statistics) or description of the method for developing the data, including (pre-)processing methods for data derived from remote sensing images (including the type of sensors and the details of the images used):	<ul style="list-style-type: none"> Land-cover maps. The methods used to produce these maps are described in a separate report⁵⁵; Land Use Change Matrixes produced by intersecting these maps. These matrices can be reviewed in the FREL TOOL CR. Annualized Land Use Change Matrixes produced by interpolating the land use change matrices. These matrices can also be reviewed in the FREL TOOL CR.
Spatial level (local, regional,	National, stratified in six forest types and sub-categories “primary” and “new”; the latter, divided in age cohorts:... - 1985, 1986-91, 1992-97,

⁵⁴ CDI, 2015.b. Nivel de referencia de emisiones y remociones forestales de Costa Rica y metodología empleada para construirlo. Informe preparado para el Gobierno de Costa Rica bajo el Fondo de Carbono del Fondo Cooperativo para el Carbono de los Bosques (FCPF). 223 p.

⁵⁵Agresta, Dimap, Universidad de Costa Rica, Universidad Politécnica de Madrid, 2015.a. Final Report: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica’s REDD plus reference level: Methodological Protocol. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Partnership (FCPF). 44 p.

national or international):	1998-01, 2002-07, 2008-11, 2012-13.
Discussion of key uncertainties for this parameter:	As mentioned for previous parameters, AD uncertainty is high.
Estimation of accuracy, precision, and/or confidence level, as applicable and an explanation of assumptions/methodology in the estimation:	The methods for conducting the uncertainty analysis are fully described in a separate report ⁵⁶ . The section dedicated to deforestation mentioned AD uncertainty is high, with a relative error of 20% for the AD in new forests, with a 90% of confidence.

8.4. Upward or downward adjustments to the average annual historical emissions over the Reference Period

Costa Rica's ambitious forest policy in the last decades has resulted in decreasing emissions (Figure 8.2). According to indicator 13.1. of the CF-MF, this would be regarded as a "downward trend". In such cases, the CF-MF requires countries to consider this in the construction of the FREL. To do this, Costa Rica selected the 1998-2011 reference level, which is a downward adjustment to the 1997-2009 FREL proposed to the UNFCCC. This adjustment represents a decrease of the 1997-2009 FREL by 15,9%. It is also important to consider that by selecting the 1998-2011 historical reference period, results for years 2010-2011 would not be part of the ER-Program. Costa Rica considers that these measures appropriately address the downward trend identified since 1986.

⁵⁶ CDI, 2015.b. Reference level of emissions and forest absorptions in Costa Rica and methodology used to construct it. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Partnership Facility (FCPF). 223 p.

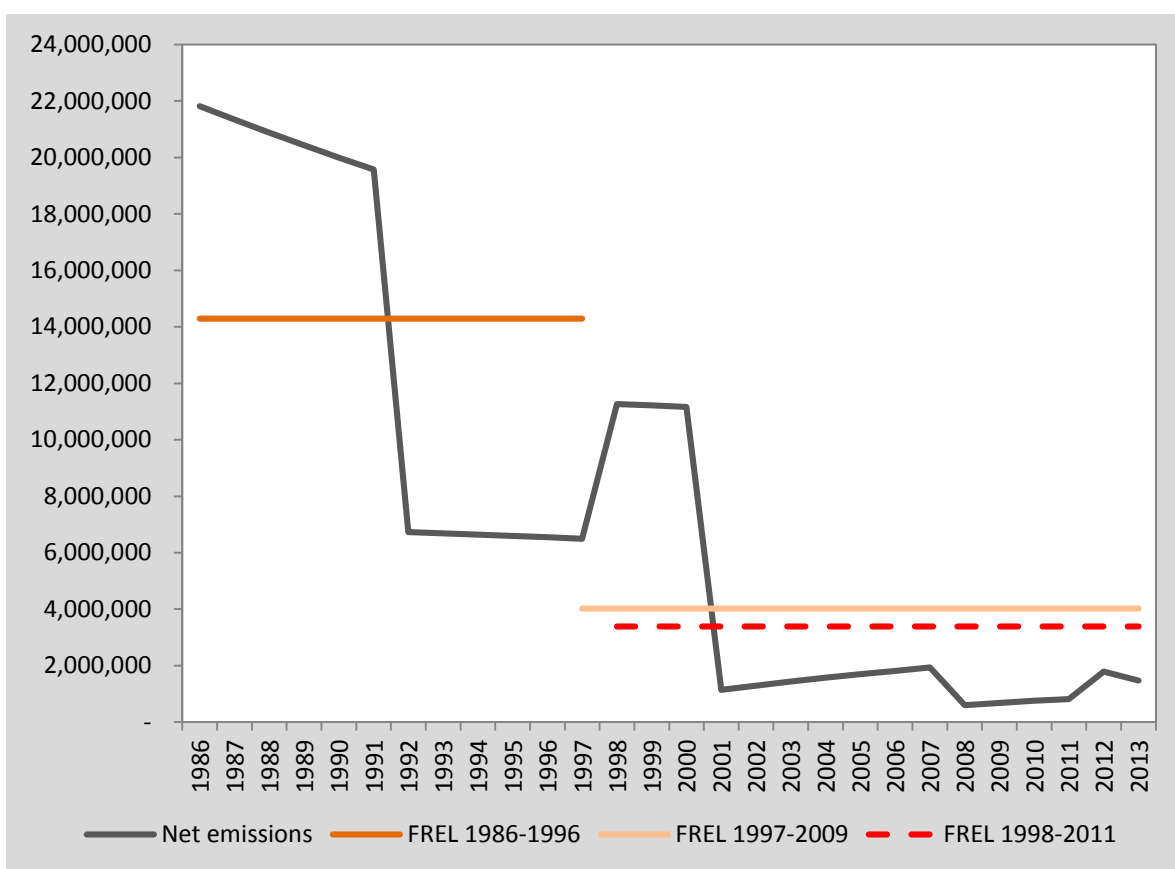


Figure 8.2. Historical net emissions and reference levels submitted by Costa Rica to the UNFCCC. The 1998-2011 FREL was specifically developed for the FCPF Carbon Fund.

8.5. Estimated Reference Level

ERPA term year <i>t</i>	Average annual historical emissions from deforestation over the Reference Period (tCO ₂ -e/yr)	If applicable, average annual historical emissions from forest degradation over the Reference Period (tCO ₂ -e/yr)	If applicable, average annual historical removals by sinks over the Reference Period (tCO ₂ -e/yr)	Adjustment, if applicable (tCO ₂ -e/yr)	Reference level (tCO ₂ -e/yr)
2012	7,749,558	NA	-4,363,799	NA	3,385,759
2013	7,749,558	NA	-4,363,799	NA	3,385,759
2014	7,749,558	NA	-4,363,799	NA	3,385,759
2015	7,749,558	NA	-4,363,799	NA	3,385,759
2016	7,749,558	NA	-4,363,799	NA	3,385,759
2017	7,749,558	NA	-4,363,799	NA	3,385,759
2018	7,749,558	NA	-4,363,799	NA	3,385,759
2019	7,749,558	NA	-4,363,799	NA	3,385,759
2020	7,749,558	NA	-4,363,799	NA	3,385,759
2021	7,749,558	NA	-4,363,799	NA	3,385,759
2022	7,749,558	NA	-4,363,799	NA	3,385,759

2023	7,749,558	NA	-4,363,799	NA	3,385,759
2024	7,749,558	NA	-4,363,799	NA	3,385,759
2025	7,749,558	NA	-4,363,799	NA	3,385,759
The estimated FREL is 3,385,759 t CO ₂ e yr ⁻¹					

8.6. Relation between the Reference Level, the development of a FREL/FRL for the UNFCCC and the country's existing or emerging greenhouse gas inventory

Consistency with the National GHG Inventory

Important efforts have been conducted to harmonize GHG reporting under the UNFCCC, including national GHG inventories and REDD+. For example, data and methods used for estimating AD and EF in the REDD+ FREL were used to recalculate the GHG inventories for years 2005, 2010 and 2012 included in Costa Rica's first BUR⁵⁷. Due to time and resources constraints, only these inventory years were considered in the recalculations. The remaining years of the time series: 1990, 1995 and 2000 will be recalculated and reported in the country's next National Communication to the UNFCCC.

Achieving consistency of the REDD+ FREL with the GHG inventory is a work in progress. Costa Rica aspires to receive results-based payments for as many REDD+ activities as possible. This requires continuous work on harmonizing MRV of emissions and absorptions within the AFOLU sector, as well as potential re-submissions to the UNFCCC. Additionally, related mitigation actions still require further work to be fully consistent. For example, the different agriculture NAMAs (livestock, coffee, banana, etc.) need to be reflected in the GHG inventory and in consistency with REDD+. This will be achieved through recalculations, when improved data and methods become available.

Considering the current FREL submission to the UNFCCC and to the FCPF Carbon Fund, the following remain key areas of work for improving consistency:

- The current National GHG inventory comprises the years 2005, 2010 and 2012, while the FREL to the FCPF Carbon Fund covers 1998-2011
- Post- 1997 CH₄ and N₂O emissions from biomass burning in *FL remaining FL* and *lands converted to FL* were considered in the GHG inventory but not in the REDD+ FREL. Such emissions were reported for year 2012 in the National GHG Inventory. These estimates were derived from national statistics which are not spatially explicit and only cover 2011-2013⁵⁸. Hence, for the REDD+ FREL, there was not enough information to complete the time series for 1998-2011
- Forest plantations were included as part of *FL remaining FL* in the GHG inventory. For the estimation of C stock changes in plantations, ancillary information from the 2014 Agricultural Census was used specifically for 2012. As for CH₄ and N₂O emissions from biomass burning, complete information was lacking for 1998-2011 to enable the incorporation of specific information on forest plantations. Therefore, these were merged with secondary forests ("new forests") or *land converted to FL*. Costa Rica recognizes that plantations may suffer quite a different management regime than forests and that plantation clear-cutting does not represent "deforestation" but should

⁵⁷ Ministerio de Ambiente y Energía (MINAE), Instituto Meteorológico Nacional (IMN), 2015. Costa Rica: informe bienal de actualización ante la Convención Marco de las naciones Unidas sobre el Cambio Climático. San José (Costa Rica), 106 p. Available at: <http://unfccc.int/resource/docs/natc/crinir2.pdf>

⁵⁸ Additional information for different periods is available here: http://www.sirefor.go.cr/?page_id=1051

be considered as a temporal loss of canopy cover as part of a management regime in *FL remaining FL*.

- The data and methods used for estimating HWP emissions in the National GHG Inventory differ from those employed in the REDD+ FREL. The GHG inventory used national statistics on timber harvesting for the year 2012. This information was used to determine C losses associated to timber extraction in *FL remaining FL*. For the REDD+ FREL, this information was insufficient as it is only available for 2011-2013⁵⁹, so an assumption was made on the percentage of valuable timber harvesting that occurs as part of *FL conversion*. These assumptions have been explained in previous sections.

Finally, most differences in methods and data found are due to data gaps and the use of specific databases for building estimates for specific years. This has been necessary due to the lack of a continuous forest monitoring system in the country. As explained in Section 9 of the ERPD, Costa Rica initiated a plan to build such a system that would help streamline the improvement of methods and data for the GHG inventory, REDD+ MRV and NAMA MRV. Costa Rica strives to develop an all-lands monitoring system suitable to report progress on AFOLU mitigation actions, as well as address other important reporting requirements such as other international conventions, the sustainable development goals and national reporting. More information can be found in Section 9.

Consistency with REDD+ FREL submitted to the UNFCCC

[Costa Rica's FREL submission](#) to the UNFCCC includes two historical reference periods: 1986-1996 and 1997-2009. For the FCPF Carbon Fund and the ER-Program, Costa Rica proposes a 1998-2011 reference level. Emission reductions sold to the FCPF Carbon Fund would be deducted from the total emissions reductions post-2010 based on the 1997-2009 FREL. Hence:

$$Total\ ER_{Post-2010} = ER_{CF} + ER_{Others}$$

Where:

- *Total ER_{Post-2010}*: total emission reductions after 2010 estimated with the 1997-2009 REDD+ FREL as submitted to the UNFCCC, in t CO₂e
- *ER_{CF}*: emissions reductions sold to the FCPF Carbon Fund as of 2012, in t CO₂e
- *ER_{OTHERS}*: remaining emission reductions, in t CO₂e

This implies that for years 2010-2011 no emission reductions may be part of the ER-Program, and that such emissions are all *ER_{OTHERS}*. For emission reductions occurring after 2012, a portion is sold to the FCPF Carbon Fund and the country keeps a portion for other purposes. More information is presented in Section 13.

In terms of methods and data, all remain constant for all FRELS, including the reference level to the FCPF Carbon Fund.

⁵⁹ This information is available at SINAC's SIREFOR: <http://www.sirefor.go.cr/?p=1161>

9. Approach for Measurement, Monitoring and Reporting

9.1. Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area

As presented in Section 2, Costa Rica already conducted a monitoring event and estimated emission reductions as part of the ER-Program. The methods and data employed are identical to the ones used for the construction of the reference level. These methods and data are explained in depth in Section 8 and related references. The country will implement these same procedures for future monitoring events.

Parameter:	$DA_{AAAA-AA}$
Description:	Activity data ($DA_{AAAA-AA}$) of each category represented in the land use change matrixes “MC AAAA-AA” of the FREL TOOL CR.xlsx .
Data unit:	hectares
Source of data or measurement/calculation methods and procedures to be applied (e.g. field measurements, remote sensing data, national data, official statistics, IPCC Guidelines, commercial and scientific literature), including the spatial level of the data (local, regional, national, international) and if and how the data or methods will be approved during the Term of the ERPA	<ul style="list-style-type: none"> Land-cover maps to be created on a biennial basis for all of the accounting area Land Use Change Matrixes (“MC AAAA-AA”) that must be completed every 2 years in the “FREL TOOL CR v.1” tool, starting in the year 2014/15.
Frequency of monitoring/recording:	Every two years
Monitoring equipment:	Outsourced
Quality Assurance/Quality Control procedures to be applied:	According to the protocol described in Agresta <i>et al.</i> (2015.a) ⁶⁰ .
Identification of sources of uncertainty for this parameter	Evaluations on the accuracy of the land-cover maps will be performed, as was done for the most recent maps of the historical series. The activity data are the largest source of uncertainty in the reference level and will also be so in the program results report. However, it will not be possible to reduce the uncertainty associated with the activity data until a better method becomes available to quantify them.
Process for managing and reducing uncertainty associated with this parameter	In preparation.

The [FREL TOOL CR.xlsx](#) contains a list of values and parameters (including their source and associated level of uncertainty) that were used to calculate the reference level. These values will not change during

⁶⁰Agresta, Dimap, Universidad de Costa Rica, Universidad Politécnica de Madrid, 2015.a. Final Report: Generating a consistent historical time series of activity data from land use change for the development of Costa Rica’s REDD plus reference level: Methodological Protocol. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Partnership (FCPF). 44 p.

the term of the ERPA since any change to any of them would imply changing the reference level. If a change to the values of any of the parameters and variables that are not future activity data becomes necessary, as part of the continued improvement process, it will be necessary to submit the changed reference level to the Carbon Fund for consideration.

9.2. Organizational structure for measurement, monitoring and reporting

Organizational structure, responsibilities and competencies

FONAFIFO will outsource all work related to conducting future monitoring events, until a new monitoring system is design (Section 9.3.). In this sense, FONAFIFO will be the coordinating agency, but will work closely with National Center for Geospatial Information (CENIGA).

9.3. Relation and consistency with the National Forestry Monitoring System

Consistency with the national forest monitoring system

Costa Rica has initiated an inter-institutional process to design a new monitoring system that would cover all land uses at the national level. This process was mandated by Ministerial Guideline [DM-417-2015](#). The CENIGA was appointed as the leading institution to develop this system, 13 other institutions participate as well.

For developing this new system, Costa Rica has received support from the US Forest Service and FAO. A beta version of the system is expected to be ready for June, 2016. Early implementation of the system would be possible in December, 2016. Once the system is operational, Costa Rica will develop a strategy to run this system and streamline MRV processes. This may require updating the REDD+ FRELS submitted to the UNFCCC and the FCPF Carbon Fund. Because this system is in its design phase, the MMR proposal for the FCPF Carbon Fund is based on the data and methods detailed in Section 8. More information (in Spanish) on the status of the design of the monitoring system may be found [here](#).

9.4. Participation of other players in a variety of actions related to forest control and monitoring

- The national forest monitoring system, conceived as an official information system, must adhere in its design and function to the current standards applicable to the processes of generating official information, which are regulated by several corresponding entities: the National Geographic Institute (IGN) and its national territorial information systems, the National Institute of Statistics and Census (INEC) regarding data usage, etc. That is why in principle, community participation is not expected in these systems, unless it becomes necessary at some points to fill gaps in the generation of data that may involve these forms of participation.
- However, the Emission Reduction Program envisions supporting measures that lead to robust participation by communities and organizations in control actions related to forest resources. For example, actions to strengthen the participation of communities in firefighting have been incorporated, through the so-called “Forest fire brigades” that are mainly composed of volunteers in zones with high susceptibility to these phenomena. Efforts will also be made to strengthen the “Natural Resources Monitoring Committees” (COVIRENAS) and the activities of the Volunteers Association (ASVO), non-government entities that contribute through different activities coordinated with the appropriate government agencies, monitoring compliance with government legislation, in the first case, and in supporting the management of protected areas in the second.
- In addition to this, the Colegio de Ingenieros Agrónomos (Agronomists Association) as the governing entity of the “Certified Foresters” who are responsible for preparing and following-up on the management plans of the different modalities of payment for environmental services agreements, have an essential task in monitoring the beneficiaries’ compliance with their

respective commitments or actions they have agreed to take with regard to conservation, restoration, reforestation or management. In that same sense, there are many local and regional forestry producer organizations that provide regency services to interested parties, and that have their capacities strengthened through PES. It is envisioned to strengthen these capacities through different lines of work incorporated in policies, actions and tasks of the PRE.

10. Displacement

10.1. Identification of risk of Displacement

No displacement risks were identified in the Emission Reduction Program, since the reference level, and the measurement, report and verification are at the national scale. Any non-planned source of emission taking place product of a policy, action or activity proposed in the Program will be accounted and incorporated as part of the result in tCO₂-e year⁻¹. It is important to remember that the interventions proposed for the Program have a global impact on emission reductions, internalizing any displacement⁶¹.

Considering that degradation is not included in the reference level, there is a theoretical risk that the activities designed to reduce deforestation may stimulate a change in the conduct of some deforestation agents that might result in a higher level of emission for degradation of forests. This risk is considered minimum in Costa Rica, considering that the activities of the emission reduction program are based mainly on a strengthening of incentives instead than on coercive measurements. On the other hand, considering that the use change is illegal in Costa Rica, it is unlikely that the deforestation agents of one reference historical period might reach their goals by starting a degradation process. In fact, it is unlikely that the productive activities that require open space to be implemented might be implemented under the shade of trees.

It is important to note that during the first years of implementation of the forest law, in addition to the State Forestry Administration, the Municipalities and the Regional Environmental Councils were authorized to granting some kinds of related forestry permits, however, given that abusive practices were detected in this regard, generating illegal exploitation of forest resources and consequently deforestation or degradation, such authorization was suspended a few years later.

10.2. ER Program design features to prevent and minimize potential Displacement

Whereas the risk of displacement is considered minimal (see Section 10.1), the ER-Program and in general the National REDD+ Strategy of Costa Rica, has specific actions to ensure that "goods and services" derived from deforestation, are obtained without need for deforestation outside our borders. As example, at the level of actions the following can be cited:

- Action 2.3 Mechanisms to encourage participation of agro-forestry and rural producers in REDD+: includes activities such as: Develop studies and design and implement plans to generate economic and social benefits through REDD+ or other policy actions for agroforestry and rural peasant populations; and develop a joint plan of information, training, technical assistance and agroforestry extension between the environment sector, agriculture and private sector to support efforts of farmers and small agro producers, including Indigenous Peoples, including management issues and national and international marketing plan for goods and services.
- Action 3.2 Strengthen policies for the promotion and recognition of sustainable agricultural and agroforestry practices: includes activities such as: Develop a joint plan with the MAG to promote, advise and assist farmers and small producers in the introduction and improvement of sustainable production practices on integral farms with forestry component, including the reactivation of the Agro-environmental Commission and strengthen technical assistance and extension in MAG, CIAgro

⁶¹ Leakage or displacement is defined as the net change in anthropogenic emissions by sources of greenhouse gases (GHG) that occurs in the outer limits of the project and that is measurable and attributable to the project activity.

and MINAE to provide technical assistance services and support to producers regarding silvicultural management and best practices in the use and management of wood-producing species.

- Action 5.2 Improving competitiveness of financing mechanisms for forest and agroforestry ecosystems in relation to other land uses: It includes actions such as: design and test a mechanism for integrated management of agroforestry peasant farm that combines recognition of environmental services and other agro-ecosystem services with social and environmental benefits (peasant PES); and how to develop a training plan for farmers, agroforestry producers sectors and indigenous peoples to improve knowledge of access to benefits of new financing mechanisms.

In addition, the NE supports the implementation of the policies of the National Forestry Development Plan, which has a strong component of support, promotion, positioning, competitiveness and sustainability of the forest sector and the private sector in the entire production chain of timber and of forest services.

With Preparation Funds a series of activities are been implemented with the aim to secure private sector involvement in the production, processing and marketing of timber, promoting agroforestry systems, etc.

All these measures ensure that rural areas have sustainable livelihoods, and involve structural changes to ensure lower rates of deforestation without displacement (deforestation and degradation in other countries).

11. Reversals

11.1. Identification of risk of Reversals

Definition of “reversal”

As per the FCPF methodological framework, a “reversal” means a situation where the cumulative monitored and verified ERs are less than the currently transferred ERs, i.e., at any point in time more ERs have been transferred than is warranted by the underlying reported and verified results of the ER Program.⁶²

“Reversal” risk factors

There are two risk factor groups that can cause a reversal:

- Natural factors: Costa Rica is exposed to several types of natural disturbances that may cause loss in forest areas of higher or lower importance. For that reason, the country does not want the results of its emission reduction program be affected by high-scale natural event that no program could control.
- Less intense natural disturbances are more frequent and cause small and diffuse impacts that cannot be easily differentiated from the impacts caused by anthropogenic factors. Amongst them, the most frequent are landslides and collapses that often take place in mountain areas of the country and maybe some cases of forest fires caused by lightning. The emissions caused by this type of natural disturbance were included in the reference level and will also be included in future measurement reports of the program results.
- On the other hand, there are larger natural disturbances that might occasionally cause significant impact although their frequency is lower. Amongst them we can find: volcanic eruptions, earthquakes, tsunamis and extreme climate events. Most of the impacts of this type of disturbance are easily identifiable in the Landsat images and can be clearly separated from the impacts caused by anthropogenic activities. For this reason, the impacts on forests caused by these natural disturbances have been excluded from the reference level, following the steps described in section 4 of the CDI, 2015.b⁶³, although they are transparently reported. The same will be done in future reports on the measurement of the program results. Therefore, emissions clearly attributable to natural disturbances are not considered a reversal risk, since they are excluded from the reference level and from the calculation of future emissions of the program, in a transparent and verifiable way.
- Anthropogenic factors: The evolution of national and international circumstances in a way that the country forest cover might suffer negative impacts generating GHG emissions that could not be stopped by the emission reduction program cannot be discarded. These factors include the increase of population dependent on agricultural activities for their income, a significant increase of agricultural product prices, an important reduction of the ability of the State to control and enforce the law, etc.

⁶² FCPF. Carbon Fund Methodological Framework, December 20, 2013. p. 30

⁶³ CDI, 2015.b. Reference level of forest emissions and absorptions in Costa Rica before the FCPF Carbon Fund: methodology and results. Report prepared for the Costa Rican Government under the Carbon Fund of the Forest Carbon Partnership (FCPF). 223 p.

11.2. ER Program design features to prevent and mitigate Reversals

Costa Rica's Forestry Law in force contains a prohibition of changing land use. Article 19 of the Law reads: "In lands covered by forest, land use change will not be allowed, nor to establish Tree plantations..." Due to its nature, this is the main measurement to prevent reversals in those forests conserved and regenerated in country. In order to strengthen the implementation of the law, the National System of Conservation Areas has control mechanisms such as the illegal clearing control strategy, as well as regular operations in roads and the functioning of multiple geographical information systems⁶⁴ and that are part of the regular operations and budget of the institution. This is the strongest measurement against reversals; however, recognizing that the country still experiences deforestation, the Program includes a series of policies, actions and activities to halt deforestation, among which illegal logging control, as well as community control through the participative volunteer committees are a strong component. Additionally, as detailed in sub-section 6.1 many of these measures are a continuation and enhancement of existing programs properly institutionalized by current legislation.

Furthermore the country has circumstances that ensure non reversals from REDD+ actions:

- An updated NFDPP that is issued each 10 years containing long term goals
- INDCs including the forestry sector and aimed to achieve carbon neutrality. The Intended National Determined Contributions (INDC) represents the commitment of countries to contribute to a new climate regime after 2020 according to own capacities and realities. As part of its commitment Costa Rica is reaffirming its aspiration to shift its economic path towards carbon neutrality in 2021 as part of its voluntary actions pre 2020. This date will represent a critical milestone towards the de-carbonization of the economy by 2050. It is also proposing the ambitious target of reducing of 25% of emissions related to 2012 by year 2030⁶⁵.
- We have already mentioned the maintenance of current legal restrictions in the future, including the ban on the conversion of forests to other uses, as well as forest fires management and illegal control updated strategies and other measures included in the forestry law 7575.
- There are also ongoing negotiations with the WB to finance a \$100 million Program for inclusive green growth in productive rural territories for 10 years.
- The PES program is currently institutionalized and with regular domestic budget that guarantees an important operational basis as described in sections 4 and 6.
- The Program is expected to create the required cross-sectoral and vertical coordination structure to ensure the proper operation of related agencies during and after the duration of the program.

11.3. Reversal management mechanism

Selection of Reversal management mechanism

Costa Rica proposes the mechanism to handle reversals described as follows.

Reversal management mechanism	Selected (Yes/No)
Option 1: The ER Program has in place a Reversal management mechanism that is substantially equivalent to the Reversal risk mitigation assurance provided by the ER Program CF Buffer approach	Yes

⁶⁴www.sirefor.go.cr

⁶⁵ Press release from the Ministry of the Presidency, September 2015: Available here: <http://presidencia.go.cr/prensa/comunicados/costa-rica-presenta-plan-y-propuestas-que-llevara-a-convencion-sobre-cambio-climatico/>

Option 2: ERs from the ER Program are deposited in an ER Program -specific buffer, managed by the Carbon Fund (ER Program CF Buffer), and based on a Reversal risk assessment.	No
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For option 1, explanation of Reversal management mechanism

In case of a reversal (per the definition given in **Section 11.1**), Costa Rica proposes compensating the t of CO₂-e reversed by overruling an equivalent number of tons of CO₂-e in its unpaid emission reduction reserve (“buffer”), while the supplies last. If this was not enough to compensate the reversals, Costa Rica proposes not to receive any additional payments until non-compensated reversals are voided with emission reductions of subsequent periods.

Costa Rica can start its emission reduction program under the FCPF Carbon Fund with a positive balance in its emission reductions reserve or “buffer”. In fact, its emission reduction program started on January 01, 2010 and by the end of 2013, the program had already produced 8,889,739 tons of CO₂-e in emission reductions (see **Section 2.2**), out of which 8,534,150 t CO₂-e would be available after the discounts for uncertainty per the criteria of the Methodological Framework of the FCPF Carbon Fund (see **Section 13.1**).

Taking into account that the FCPF Carbon Fund may not allow payments for results for emission reductions produced before the signature of the ERPA, it is proposed that the emission reductions that the country generated in its public lands between 01.01.2010 and 12.31.2012 (i.e. 32% of the total emission reductions, equaling 2,044,137 t CO₂-e, after the discount of uncertainty) be used as a “buffer” reserve to compensate eventual future reversals of emission reductions compensated under the FCPF Carbon Fund. This amount of emission reductions corresponds to 20% of the emission reductions forecasted in public lands until 2025 (see **Section 13.1**, showing a table with calculated values). The reserve to compensate future eventual reversals could be directly managed by the country or be deposited in the “buffer” of the Carbon Fund (ER Program CF Buffer), as agreed in the ERPA.

It must be highlighted that between 01.2013 and 12.31.2016 some 2,519,826 t CO₂-e of emission reductions would be produced in public lands (already adjusted by the deduction for uncertainty). These emission reductions – out of which 27.25% correspond to emission reductions of year 2013, have been achieved – would be available for the country to dispose of them as it may consider it appropriate, including their possible inclusion in a payment for results agreement, either with the FCPF Carbon Fund or another entity.

For option 2, explanation of Reversal management mechanism

N/A.

11.4. Monitoring and reporting of major emissions that could lead to Reversals of ERs

Per the definition in **Section 11.1**, reversals will be detected by comparing the annual average emissions in a measurement and report period with the reference level. The interpretation of results in this comparison will be done as follows:

- If the annual average emissions reported for a measurement and report period are lower than the reference level, it will be considered that no reversals took place and the country might receive payment for results, unless it is necessary to still compensate for reversals of prior periods, in which case the payment will only be made for the difference between the emission reductions achieved in the period and the reversions to compensate from prior periods.
- If the annual average emissions reported for a measurement and report period exceed the reference level and the country did not receive any payment for results in prior periods, it will also be considered that no reversals took place but the country will receive no payment for results.

- If the annual average emissions reported for a measurement and report period exceed the reference level and the country received payments for results in prior years, it will then be considered that the emissions exceeding the reference level reversed a number of CO₂-e tons equivalent to the number of tons paid. In this case:
- If the emissions over the reference level exceed the tons paid, only the tons paid will be considered reversals and the country will have to compensate, by applying the mechanisms explained in **Section 11.3**, only for the tons issued exceeding the reference level that are equivalent to the number of tons paid in prior years. Subsequently, the country may again have access to payments for results if it reports annual average emissions below the reference level.
- If the emissions over the reference level are lower than the tons paid, only the tons over the reference level will be considered reversals and the country will compensate them by applying the mechanisms explained in **Section 11.3**, all the tons emitted over the reference level. Subsequently, the country may again have access to payments for results if it reports annual average emissions lower than the reference levels.

12. Uncertainties of the calculation of emission reductions

12.1. Identification and assessment of sources of uncertainty

Considering that the historical and future emissions are calculated by combining activity data and emission factors, the two big sources of uncertainty are in fact those related to activity data and to emission factors:

1. **Activity Data:** The uncertainties of the activity data come from the uncertainties associated to the land use maps production process from which the activity data are obtained. Per GOFC-GOLD REDD Sourcebook⁶⁶ the possible sources of uncertainty would be the quality of satellite data, interoperability of the different sensors, image processing, cartographic and thematic standards, location and co-registration, the interpreting procedure, and the post-processing. All these sources can generate systematic and random errors, being controlled by standard operation procedures (as required by indicator 8.1 of the methodological framework of the FCPF) and the second ones being partially compensated. The aggregate of all these uncertainty sources can be directly estimated in the final product through an accuracy analysis by using reference data.

In the case of the reference level, as indicated in **Section 12.2**, an analysis of accuracy was made on several land use maps and an analysis of the land-cover change map 2001/02 – 2011/12. The analysis of accuracy showed an underestimate of the deforested area and of the new forest area (26% and 51% respectively), which was determined with an accuracy of 22% and 20% respectively, even though the estimated deforestation area was not far from being significantly different, not in the case of new forests, for which the overestimation is clear. Therefore, the activities of carbon stocks increases in new forests and of deforestation show a relative uncertainty of 20-22% due to the activity data, while the forest conservation activity will present an uncertainty of 4%.

2. **Emission factors:** Considering that the emission factors are calculated as the difference between two estimates of average carbon stocks per hectare, what determines the uncertainty of the emission factors is, mainly, the uncertainty associated to the carbon stocks estimates in each deposit. This, on the other hand, depends on several factors, including (Cunia 1987)⁶⁷: the measurement errors (biometric or estimate variables of basic density, for instance), the prediction error of the allometric model (uncertainty of the model parameters), and the sampling error. The uncertainties of different parameters used to estimate the emissions a fraction of carbon should be added as well. As indicated in **Section 8**, to estimate carbon stocks, because there were not gross data from different sources available, it was only possible to consider the statistical uncertainty reported for each source. Said statistical uncertainty only takes into consideration the sampling error. Therefore, the current version of the reference level only considers said error source along to the uncertainty of the parameters (constant) used to determine the emissions. As it can be seen in Table 12.2.15, the uncertainties (error relative to 90% of trust) of carbon stocks vary from 1% to 148%. The uncertainty on the BARA reservoir (main reservoir) in forests does not exceed 22% being applicable to forests other than Mangrove and Yolillal, and 8% to 90% trust level. However, in case of deforestation activity, this high precision is diluted when combining it with very inaccurate values for the categories of crops, which present values of 71% in the case of permanent crops.

⁶⁶ GOFC-GOLD. 2014. REDD Sourcebook COP 20. Page 118.

⁶⁷Cunia, T. 1987. Error of forest inventory estimates: its main components. In E.H. Whraton & T. Cunia, eds., *Estimating tree biomass regressions and their error. Proceedings of the workshop on tree biomass regression functions and their contribution to the error of forest inventory estimates, May 26–30, 1986, Syracuse, N.Y. – Part E*. Broomall, PA, USA, USDA Forest Service, Northeastern Forest Experiment Station, General Technical Report no. NE-117, pp. 1–14. 34, 39, 46, 184

Considering the foregoing, it can be proved that the conservation activity of forest has a final positive effect since the uncertainty of the activity data (4%) and of the stocks (8-22%) at 90% trust level is too low. In contrast, the activities of carbon stocks increases in new forests and deforestation show high uncertainties because of the uncertainties of the activity data (22% and 20% respectively) and the very high uncertainties of non-forest classes (BARA of 71% in the case of permanent crops).

To improve the accuracy of future estimates, the following areas can be already identified as priority for the process of continued process:

- **Priority 1:** Sources with a larger impact on global uncertainty.
 - New forests activity data: This class shows a very high uncertainty as it can be seen in the preceding results. As indicated in **Section 8.3**, Tree plantations and secondary forests were merged because the maps produced for said categories were not reliable. This is an indication of the lack of accuracy in these categories.
 - Carbon stocks in non-forest categories. The uncertainties of non-forest categories for the BARA and BARS reservoirs are very high (>50%). It will be necessary to complete the data available at this moment with more data in order to reduce the uncertainties.
- **Priority 2:** Sources with lower impact on the global uncertainty.
 - Dead wood: Dead wood presents very high uncertainties in all cases, being Yolillales the highest with 100% and over 50% in dry forests and grasslands. Even though the global uncertainty impact is lower since it is a reservoir that proportionally has little carbon, it will be necessary to collect more data to reduce associated uncertainties.
 - Non-CO₂ – N₂O gases: The uncertainties on N₂O emissions are higher than 100% practically in all cases. In comparison, this source of emissions is lower, but a reduction of associated uncertainties should be sought, basically passing by the taking of data for the production of specific emission factors for the country or the region.

12.2. Quantification of uncertainty in Reference Level setting

Uncertainty of land-cover maps and of the activity data

To assess the uncertainty for activity data, the accuracy of land-cover maps was estimated as well as the accuracy of land use change matrixes. Due to the limited availability of control data to assess the uncertainties, the accuracy analysis of land-cover maps was limited to the maps of year's 1985/86, 2001/02 and 2012/13 and to the accuracy analysis of the activity data to the matrix for period 2002-2012, which is a combination of the maps for 2001/02 and 2012/13.

The methods used to perform the uncertainty analysis and the results obtained are fully described in section 7 of the CDI report (2015.b)⁶⁸. The data used for assessing the accuracy are shown in Table **12.2.1** and in **Figure 12.2.1**.

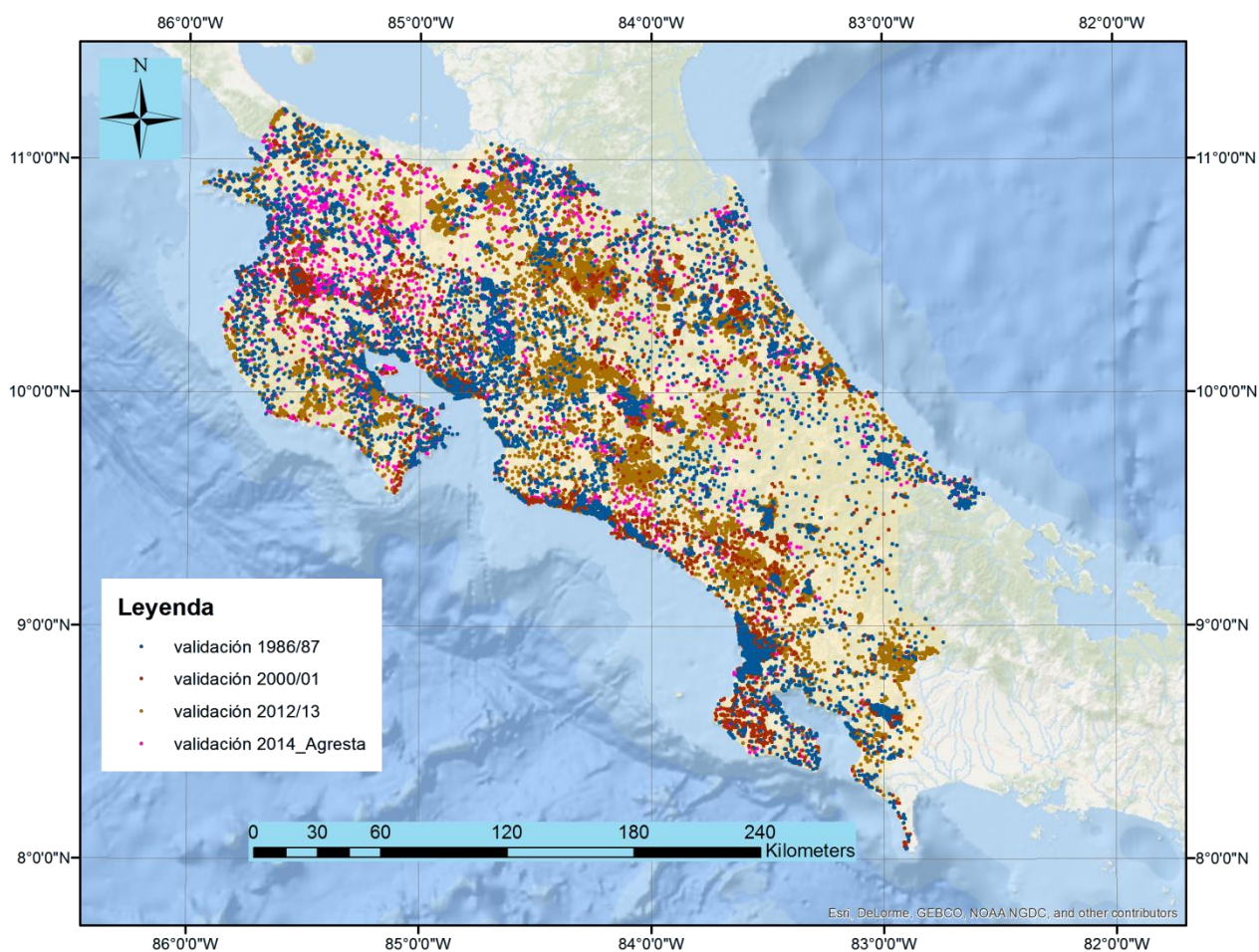
⁶⁸ CDI, 2015.b. Reference level of forest emissions and absorptions in Costa Rica and methodology used to construct it. Report prepared for the Government of Costa Rica under the Carbon Fund of the Forest Carbon Partnership (FCPF). 223p.

Chart 12.2.1. Sampling design applied to the assessment of the MCS uncertainty for year's 1985/86, 2000/01 and 2012/13.

Land-cover maps	Sampling design	Explanation
1985/86	NO	5,396 control points. Said control points were developed by INBIO for the elaboration and verification of the maps generated within the framework of the project "Lessons learned and development of capacities to apply REDD+ initiatives, Costa Rica's experience." CATIE gave Agresta these points and the meth-data were not complete; therefore, there is no evidence that a statistically robust sampling design was applied.
2000/01	NO	7,463 control points. Said control points were developed by INBIO for the elaboration and verification of the maps generated within the framework of the project "Lessons learned and development of capacities to apply REDD+ initiatives, Costa Rica's experience." CATIE gave Agresta these points and the meth-data were not complete; therefore, there is no evidence that a statistically robust sampling design was applied.
2012/13	NO	8,536 control points compiled by Agresta as part of the consultancy "Generating a consistent historical time series of activity data from land use change for the development of Costa Rica's REDD plus reference level". These control points were compiled by uniting the control points developed by INBio and the control points for year 2012/13, validated in the field, developed by SINAC within the framework of the preparation of the forest type maps of Costa Rica. There is no evidence that a statistically robust sampling design was applied since two different sources were combined that would have used different designs in its case.
2012/13bis *	YES	The map for 2012/13 marks some 9,208 control points obtained from a compilation made by the National Meteorological Institute in 2013 and 2014. The sampling design applied was a stratified random sampling using a land use map for the stratification criteria, generated by the Institute for 2013.

Note: There are two analyses for the land-cover map 2012/13 with two independent databases; the second of these analyses is identified as 2012/13bis.

Figure 12.2.1. Spatial distribution of control points used for the analyses of uncertainty of MCS and activity data.



The assessment of land-cover maps accuracy was only performed for the “forest” and “non-forest” categories, with the exception of year 2013bis in which uncertainty values were also reported for six categories of the IPCC. The results are shown in the following tables.

Chart 12.2.2. Accuracy indicators of the land-cover map 1985/86

Class	User Accuracy (#)	Trust interval at 90% (#)	Producer accuracy (#)	Trust level at 90% (#)
Bosque	0.87	0.87 - 0.88	0.94	0.94 - 0.95
No Bosque	0.90	0.89 - 0.91	0.80	0.79 - 0.82

Total Accuracy (#)	Trust interval at 90% (#)
0.89	0.88 - 0.89

Chart 12.2.3. Adjusted areas and their trust intervals for land-cover map 1985/86.

Class	Estimated area (ha)	Adjusted area (ha)	Error relative to the 90% of significance level (ha)	Error relative to the 90% of significance level (%)	Trust interval at 90% (ha)	Does it contain the estimated area?
Forest	3,187,714	2,963,325	35,274	1%	2,928,051 – 2,998,600	NO
Non-forest	1,810,861	2,035,250	35,277	2%	1,999,973 – 2,070,527	NO

Chart 12.2.4. Accuracy indicators of land cover map 2001/02.

Class	User Accuracy (#)	Trust level at 90% (#)	Producer Accuracy (#)	Trust interval at 90% (#)
Forest	0.86	0.85 - 0.86	0.96	0.96 - 0.97
Non-forest	0.95	0.94 - 0.95	0.80	0.79 - 0.81

Total Accuracy (#)	Trust level at 90% (#)
0.89	0.89 - 0.9

Chart 12.2.5. Adjusted areas and their trust intervals for land-cover map 2001/02.

Class	Estimated area (ha)	Adjusted area (ha)	Error relative to 90% of the significance level (ha)	Error relative to 90% of the significance level (%)	Trust interval at 90% (ha)	Does it contain the estimated area?
Forest	3,071,471	2,727,788	29,895	1%	2,697,893 – 2,757,683	NO
Non-forest	1,927,105	2,270,788	29,894	1%	2,240,894 – 2,300,681	NO

Chart 12.2.6. Accuracy indicators of land-cover map 2012/13.

Class	User Accuracy (#)	Trust interval at 90% (#)	Producer Accuracy	Trust interval at 90% (#)
Bosque	0.88	0.87 - 0.89	0.97	0.97 - 0.98
No Bosque	0.96	0.96 - 0.97	0.83	0.82 - 0.84

Total accuracy (#)	Trust interval at 90% (#)
0.91	0.91 - 0.92

Chart 12.2.7. Adjusted areas and their trust intervals for land-cover map 2012/13

Class	Estimated area (ha)	Adjusted area (ha)	Error relative to 90% of the significance level (ha)	Error relative to 90% of the significance level (%)	Trust interval at 90% (ha)	Does it contain the estimated area?
Forest	3,134,027	2,838,197	27,142	1%	2,811,055 – 2,865,340	NO
Non-forest	1,864,549	2,160,378	27,141	1%	2,133,237 – 2,187,519	NO

The results of the accuracy analysis for land-cover map 2012/13 by using the control points of the National Meteorological Institute (i.e. land-cover maps 2012/2013bis) are shown in the following tables.

Chart 12.2.8. Accuracy indicators of land-cover map 2012/13.

Class	User Accuracy (#)	Trust interval at 90% (#)	Producer accuracy (#)	Trust interval at 90% (#)
Forest	0.76	0.75 - 0.77	0.95	0.95 - 0.96
Non-forest	0.94	0.93 - 0.94	0.70	0.69 - 0.71

Total Accuracy (#)	Trust level at 90% (#)
0.82	0.82 - 0.83

Chart 12.2.9. Adjusted areas and their trust intervals for land-cover map 2012/13.

Class	Estimated area (ha)	Adjusted area (ha)	Error relative to 90% of the significance level (ha)	Error relative to 90% of the significance level (%)	Trust interval at 90% (ha)	Does it contain the estimated area?
Forest	3134027	2494173	37409	1%	2456765 - 2531582	NO
Non-forest	1864549	2504402	37404	1%	2466998 - 2541806	NO

Considering the errors matrix with the six categories of IPCC, it is observed that the total accuracy is lower, due to the fact that the grassland user accuracy is reduced, which have led to confusion with the Crops class.

Chart 12.2.10. Accuracy indicators of land-cover map2012/13 considering the land use IPCC categories.

Class	User Accuracy (#)	Trust level at 90% (#)	Producer Accuracy (#)	Trust level at 90% (#)
Forest	0.76	0.75 - 0.77	0.90	0.9 - 0.91
Crops	0.97	0.97 - 0.98	0.31	0.3 - 0.32
Grasslands	0.36	0.34 - 0.39	0.88	0.86 - 0.9
Settlements	0.94	0.9 - 0.99	0.91	0.85 - 0.96
Wetlands	0.81	0.71 - 0.91	0.19	0.17 - 0.22
Other lands	0.45	0.41 - 0.49	0.48	0.41 - 0.55

Total Accuracy (#)	Trust interval at 90% (#)
0.69	0.68 - 0.69

With regards to the areas, the conclusions are similar to the preceding, even though there are very significant differences with the cultivation classes and grassland classes. While the Cultivation class has been underestimated, the grassland class has been overestimated.

Chart 12.2.11. Adjusted areas and their trust intervals for land-cover map 2012/13 considering the land use IPCC categories.

Class	Estimated areas (ha)	Adjusted area (ha)	Error relative to 90% at the significance level (ha)	Error relative to 90% at the significance level (%)	Trust level at 90% (ha)	Does it contain the estimated area?
Forest	3,134,027	2,631,342	41,812	2%	2,589,530 – 2,673,153	NO
Crops	529,136	1,651,142	42,851	3%	1,608,291 – 1,693,993	NO
Grasslands	1,190,835	494,132	28,839	6%	465,292 – 522,971	NO
Settlements	46,999	48,970	37,88	8%	45,181 – 52,758	YES
Wetlands	24,867	104,641	13,508	13%	91,133 – 118,149	NO
Other lands	72,712	68,350	9,701	14%	58,649 – 780,50	YES
Total	4,998,575	4,998,575				

It must be stated that the Methodological Framework of the FCPF Carbon Fund or the IPCC specify minimum thresholds of accuracy to be reached in the land-cover maps and activity data. To obtain an indication on the acceptability of the accuracy levels found per recognized international standards, the estimated accuracy values were compared to the minimum accuracy values required for jurisdictional and Nested REDD+ procedures of the Verified Carbon Standard. In conclusion, the maps of all the assessed periods would be in accordance with the JNR requirements of the VCS since the full accuracy in forest/non-forest classification was always higher than at least 75%.

Regarding the accuracy of activity data in the land use change matrixes, the results of the assessment show quite high total accuracy values (0.85) although this is due mainly to the high accuracy in the stable categories. The categories that changed show reduced accuracies, under 0.6, which indicates a pretty high uncertainty of the activity data (**Chart 12.2.12**).

Chart 12.2.12. Accuracy statistics for cover changes in land-cover map2001/02 and land-cover map 2011/12.

Class	User Accuracy (#)	Trust level at 90% (#)	Producer Accuracy (#)	Trust level at 90% (#)
Deforestation (Forest to Non-Forest)	0.62	0.49 - 0.75	0.49	0.38 - 0.6
New forests (Non-Forest to Forest)	0.75	0.64 - 0.86	0.50	0.4 - 0.6
Stable forest (Forest remaining Forest)	0.88	0.84 - 0.91	0.94	0.92 - 0.96
Stable non-forest (Non-Forest remaining Non-Forest)	0.85	0.81 - 0.89	0.84	0.8 - 0.87

Total Accuracy (#)	Trust interval at 90% (#)
0.85	0.83 - 0.87

Regarding the adjusted areas, the results are similar. While there is an underestimation of the stable forest area and of the consistency of non-stable forest areas, the deforestation areas and the new forests show new biases and significant uncertainties. The deforestation during the period analyzed has been underestimated in 26% (with a relative error of 22% at the 90% trust level) mean while new forests have been underestimated in 51% (with a relative error of 20% at the 90% trust level). Keeping the relative errors in mind, it is very feasible that the deforestation bias could have been substantially reduced with an increase of the sample numbers, while new forests have been underestimated in at least 31%, which is very significant.

Chart 12.2.13. Adjusted areas and their trust intervals for the cover change between land-cover map 2001/02 and land-cover map 2011/12 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 (%)	Trust confidence at 90% (ha)	Does it contain the estimated area?
Deforestation (Forest to Non-Forest)	222,418	280,602	26%	63,086	22%	217,516 – 343,688	SI
New forests (Non-Forest to Forest)	208,162	314,796	51%	64,028	20%	250,768 – 378,824	NO
Stable forest (Forest remaining Forest)	2,848,954	2,661,103	-7%	101,885	4%	2,559,218 – 2,762,989	NO

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 (%)	Trust confidence at 90% (ha)	Does it contain the estimated area?
Non-stable forest (Non-Forest remaining Non-Forest)	1,718,880	1,741,912	1%	99,201	6%	1,642,710 – 1,841,113	SI

The uncertainty analyses of land-cover maps and of the activity data presented above are valid as well for the activities “forest carbon stocks increase” and “forest carbon stocks conservation” so they will not be repeated in the following sections, with regards to the reference level for those two activities.

Uncertainty of emission factors

Considering that the emission factors are calculated as the difference between two average carbon stocks estimates per hectare, what determines the uncertainty of the emission factors is, in essence, the uncertainty associated to the carbon stocks estimates in each deposit. It depends on several factors, including the following (Cunia 1987)⁶⁹:

- **Measurement error:** The measurement error differs from statistical errors in that measurement error is the difference between the actual value and the computed value for a sampling unit. Said error has a random component and a systematic one. While the first one will tend to zero as the sampling units are measured (i.e. errors are compensated), the second one is more important and is hard to quantify. The only way of reducing it, as indicated by 2006 IPCC⁷⁰, is establishing a quality assurance/quality control plan (QA/QC). In the case of the establishment of sufficient controls, it can be assumed that said systematic part is also zero although some studies such as Chave *et al.* (2004)⁷¹ state that the measurement error can be equal to 16% considering the error of heights, diameters and measurement of basic densities.
- **Allometric model error:** In general, biomass above the land is not measured directly; variable biometrics on the vegetation that serve as the entry in a model that estimates biomass are measured. In this case, there are also two possible errors: the error associated to the selection of the model; the error associated to the prediction of said model. The first type of error consists in the fact that there are several models available to estimate the biomass which contributes with estimates that can have wide differences. This error may have very high values as indicated by Van Breugel *et al.* (2011)⁷² who obtained associated errors between 5 and 35% depending on the model selected to do the estimate. The second class of errors is the uncertainty associated to the prediction of the model that according to Picard *et al.* (2013)⁷³ depends on two factors: the

⁶⁹Cunia, T., 1987. Error of forest inventory estimates: its main components. In E.H. Whraton & T. Cunia, eds., *Estimating tree biomass regressions and their error. Proceedings of the workshop on tree biomass regression functions and their contribution to the error of forest inventory estimates, May 26–30, 1986, Syracuse, N.Y. – Part E*. Broomall, PA, USA, USDA Forest Service, Northeastern Forest Experiment Station, General Technical Report no. NE-117, pp. 1–14. 34, 39, 46, 184

⁷⁰ Capítulo 3, Volumen 1, 2006 IPCC.

⁷¹ Chave, J., Condit, R., Aguilar, S., Hernandez, A., Lao, S. & Perez, R., 2004. Error propagation and scaling for tropical forest biomass estimates. *Philos. Trans. R. Soc. Lond., B Biol. Sci.*, 359(1443): 409–420. 40, 46, 50

⁷² Van Breugel, M., Ransijn, J., Craven, D., Bongers, F. & Hall, J.S., 2011. Estimating carbon stocks in secondary forests: Decisions and uncertainties associated with allometric biomass models. *For. Ecol. Manag.*, 262(8): 1648–1657. 40, 43, 46, 50

⁷³ Picard N., Saint-André L., Henry M., 2012. Manual for building tree volume and biomass allometric equations: from field measurement to prediction. Food and Agricultural Organization of the United Nations,

sampling plan and the estimator. This way, two sampling plans or two different estimators will throw different estimates keeping identical the rest of the factors.

- Sampling error: The sampling error must be added to the measurement and prediction errors mentioned above; this one is used to perform the inference to estimate the biomass/carbon at the level of the area of interest. This error depends⁷⁴ of: a) the sampling design; b) the size of the sampling; c) the type of estimator used; d) the variability inherent between the sampling units. This sampling error is the only error that is usually reported in the studies.

The Methodological Framework of the FCPF Carbon Fund does not clearly indicate what errors must be considered in the assessment of the accuracy of the emission factors. IPCC 2006 guidelines, on the other hand, contain a description of good practices in the calculation and consideration of the uncertainties, but do not include either a clear requirement of what sources of uncertainties should be considered.

As stated above, for the estimate of carbon stocks the IFN values were used as well as other sources with quantified uncertainties. Said uncertainties, in all cases, were statistical uncertainties associated to the sampling and did not consider the measurement uncertainties or the uncertainties of the allometric models applied.

With these premises, the uncertainty analysis was made as follows:

1. Uncertainty estimate of entry parameters: First of all, the entry parameters in the calculation sheet were estimated; these are the values obtained from the bibliography that serve as entry parameters for the equations used to estimate the carbon contents. In this case, the estimate of uncertainties was made by following the IPCC guidelines (Chapter 2, Volume 1 of IPCC GL 2006). The uncertainties described in the different publications or determined from the forest inventory data were identified, and in case of the combination of values from different sources, the error spread was made following Method 1 of the IPCC guidelines for the spreading of uncertainties. This means, in the case of a sum of two parameters x and y , it was considered that their uncertainties σ_x y σ_y would be combined with the root of the sum of the squares:

$$\text{Uncertainty } (x + y) = \sqrt{\sigma_x^2 + \sigma_y^2}. \quad (8)$$

In case of a multiplication of parameters x and y , it was considered that their uncertainties σ_x y σ_y , would be combined with the following equation:

$$\text{Uncertainty } (x * y) = \sqrt{\left[\frac{\partial f}{\partial x} \sigma_x\right]^2 + \left[\frac{\partial f}{\partial y} \sigma_y\right]^2}. \quad (9)$$

These equations are equivalent to those indicated in Chapter 2 of Volume 1 of IPCC GL 2006.

The uncertainties of said parameters are shown in sheet “4.Parameters Table” of Excel file “CARBON DATABASE”. These uncertainties refer to the calculations of uncertainties performed in sheet “3.Carbon Densities” of the same file.

2. Estimate of the uncertainty of carbon stocks: The same equations from above (8 and 9) were applied to calculate all the parameters used in the equations used to estimate carbon stocks. This allowed estimates for each category estimated for each land use category. The aggregate or propagation of uncertainties was done by following Method 1 of the IPCC guidelines mentioned above.

Rome, and Centre de Coopération Internationale en Recherche Agronomique pour le Développement, Montpellier, 215 pp.

⁷⁴ Introducción - Cunia, T. 1987.

The uncertainties spread for each category and carbon deposit are reported at the end of the sheet “CARBON” of the “FREL TOOL CR v.1” tool between cells Y15: AN6053.

3. Correction of carbon stocks estimates with high level of uncertainty: According to the requirements of JNR of VCS⁷⁵, carbon stocks estimates must be adjusted in a conservative sense⁷⁶ when the estimate of the relative error exceeds 20% of the estimate average at the 90% trust level or the 30% to 95% of the trust level.

The tool “FREL TOOL CR v.1” allows applying the corrections required by the VCS when the relative error exceeds 20% of the estimated average value at 90% of the trust level. These corrections are automatically done in the sheet “CARBON” (between cells AP15: BD6053) **when the option “VCS” is selected in the cell “B49” in the sheet “DECISIONS”; while they do not take place if the option “IPCC” is selected (this is the option selected in the context of the construction of the reference level under the FCPF Carbon Fund).**

The equations to be applied to correct carbon stocks estimates with an uncertainty level higher than 20% to 90% of the trust level differ in case the carbon stocks estimates are used for the reference level or for the calculation and report of results of the emission reduction program.

- In the case of emission factors estimated for the reference level, the correction required by VCS is calculated as follows:

$$\text{Si: } \frac{CIC_k(CS)}{C_k(CS)} > 0.10 \rightarrow C'_k(CS) = \left(1 - \frac{CIC_k(CS)}{C_k(CS)} + 0.10\right) \times C_k(CS) \quad (10)$$

- In the case of emission factors estimated to report the result of the emission reduction program, the correction required by VCS is calculated as follows:

$$\text{If: } \frac{CIC_k(CS)}{C_k(CS)} > 0.10 \rightarrow C'_k(CS) = \left(1 + \frac{CIC_k(CS)}{C_k(CS)} - 0.10\right) \times C_k(CS) \quad (11)$$

$$\text{If: } \frac{CIC_k(CS)}{C_k(CS)} \leq 0.10 \rightarrow C'_k(CS) = C_k(CS) \quad (12)$$

Where:

$CIC_k(CS)$	Half of the trust interval at 90a% of the level trust of the carbon density of the k deposit or source for a land use category/stratum (CS), $\text{tCO}_2 \text{ ha}^{-1}$
$C_k(CS)$	Carbon density of the k deposit or source for a land use category/stratum (CS), $\text{tCO}_2 \text{ ha}^{-1}$
$C'_k(CS)$	Carbon density adjusted according to the VCS JNR of the k deposit or source for a land use category/stratum (CS), $\text{tCO}_2 \text{ ha}^{-1}$
k	k deposit or emission source.

The application of said correction is shown in tool “FREL TOOL CR v.1”, in the sheet “CARBON”, between cells AP15: BD6053.

⁷⁵ Section 3.14.12 (4) of VCS-JNR, v3.2 of October 20, 2014.

⁷⁶ In the context of the reference level, the adjustments must be made downwards in the case of carbon stocks values estimated for the forest categories, and upwards in case of carbon stocks values for non-forest categories, with the exception of the case of Harvested Wood products, in which the sense of adjustment is upwards. In the context of results of the emission reduction program, the sign of the adjustment is opposite to the sign used in the context of the reference level.

The results are reported in **Table 8.3.22. and T8.3.22.****Chart 8.3.22.** presents the uncertainty values at 90% of trust in $\text{tCO}_2 \text{ ha}^{-1}$ for each deposit and category. Table **8.3.23.** presents the relative uncertainties (%) at 90% of the trust level.

Chart 12.2.14. Average uncertainty at 90% trust level of carbon stocks estimated for each category, deposit and gas by using Method 1 of IPCC.

Notes: **TF & TFC** = Forest Lands and Lands turned into Forest Lands; **C** = Crops; **P** = Grasslands; **H** = Wetlands; **AU** = Settlements; **OT** = Other Lands; **SI** = Without Information. **Bhp** = Very wet and pluvial forests; **Bh** = Rain forests; **Bs** = Dry forests; **Man** = Mangroves; **Bp-Y** = Palm forests – Yolillales; **bp** = primary forests; **bn** = new forests; **smf** = without sustainable management of forest; **cmf** = with sustainable management of forest; **i** = intact; **d** = degraded; **md** = very degraded; **int** = intervened; **1 ... 400** = age in years; **an** = annual; **per** = permanent; **zll** = rainy zone (> 2000 mm year⁻¹); **zh** = wet zone (1000-2000 mm year⁻¹); **para** = Moors; **sd** = Bare lands;; **nat** = natural; **art** = artificial; **BARA** = Aboveground biomass; **BNAA** = Aerial Non-Arboreal Biomass; **BARS** = Underground Arboreal Biomass; **BNAS** = Underground Non-Arboreal Biomass; **MMA** = Aerial Dead Wood; **MMS** = Underground Dead Wood; **H** = Litter; **SOC** = Soil organic carbon; **PM.F1** = Harvested Wood products, Fraction 1 (paper products); **PM.F2** = Harvested Wood products, Fraction 2 (non-structural panels); **PM.F3** = Harvested Wood products, Fraction 3 (structural panels, veneer, plywood); **PM.F4** = Harvested Wood products, Fraction 4 (sawmill wood); **CO₂**= carbon dioxide; **CH₄** = Methane; **N₂O** = Nitrose Oxide.

					CO ₂												Non-CO ₂ Gas		Total
					Aerial Biomass		Underground Biomass		Dead Wood		Litter	C Land	Harvested Wood products: Use change crops				Biomass burn		
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F 1	PM.F 2	PM.F 3	PM.F 4	CH ₄	N ₂ O	
					Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	
					tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹
TF & TCF	Bhp	BP	smf	i	37.46		8.32	-	8.75			0.94	23.57	-	0.55	4.34	2.56	6.60	
				d	29.36		6.64	-	8.75			0.94	23.57	-	0.43	3.40	2.01	5.40	
				md	18.22		4.27	-	8.75			0.94	23.57	-	0.27	2.11	1.25	3.75	
			cmf	int	29.34		6.64	-	9.47			0.92	23.57	-	0.43	3.40	2.01	5.14	
		BN	smf	1	0.75		0.22	-	0.08			0.02	23.57	-	0.01	0.10	0.06	0.14	
				2	1.48		0.42	-	0.16			0.05	23.57	-	0.02	0.19	0.11	0.27	
				399	37.44		8.32	-	4.06			1.17	23.57	-	0.61	4.82	2.84	6.82	
				400	37.45		8.32	-	4.06			1.17	23.57	-	0.61	4.82	2.84	6.82	
	Bh	BP	smf	i	28.20		6.43	-	23.25			1.04	57.93	-	0.40	3.16	1.86	4.96	
				d	22.10		5.13	-	23.25			1.04	57.93	-	0.31	2.47	1.46	4.12	
				md	13.72		3.30	-	23.25			1.04	57.93	-	0.19	1.54	0.91	2.98	
			cmf	int	22.09		5.13	-	14.66			0.82	57.93	-	0.31	2.47	1.46	3.73	
		BS	smf	1	0.88		0.26	-	0.58			0.03	57.93	-	0.01	0.11	0.06	0.16	
				2	1.73		0.48	-	1.15			0.06	57.93	-	0.03	0.21	0.12	0.31	
				399	28.20		6.43	-	18.72			1.04	57.93	-	0.44	3.45	2.03	5.02	
				400	28.20		6.43	-	18.72			1.04	57.93	-	0.44	3.45	2.03	5.02	
	Bs	bp	smf	i	17.96		4.22	-	21.92			0.61	168.55	-	0.26	2.06	1.21	4.05	
				d	14.08		3.37	-	21.92			0.61	168.55	-	0.20	1.61	0.95	3.49	

CO ₂												Non-CO ₂ Gas		Total
Aerial Biomass		Underground Biomass		Dead Wood		Litter	C Land	Harvested Wood products: Use change crops				Biomass burn		
BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F 1	PM.F 2	PM.F 3	PM.F 4	CH ₄	N ₂ O	
Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	Include tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹
8.74		2.17	-	21.92			0.61	168.55	-	0.13	1.00	0.59	2.74	
14.07		3.37	-	6.06			1.45	168.55	-	0.20	1.61	0.95	2.72	
0.00		0.00	-	0.00			0.00	168.55	-	0.00	0.00	0.00	0.00	
0.00		0.00	-	0.00			0.00	168.55	-	0.00	0.00	0.00	0.00	
17.96		4.22	-	7.74			1.85	168.55	-	0.29	2.27	1.34	3.72	
17.96		4.22	-	7.74			1.85	168.55	-	0.29	2.27	1.34	3.72	
31.21		7.25	-	2.05			0.24	-	-	0.38	2.98	1.76		
24.47		5.79	-	2.05			0.24	-	-	0.30	2.34	1.38		
15.19		3.72	-	2.05			0.24	-	-	0.18	1.45	0.86		
24.45		5.78	-	1.97			0.57	-	-	0.30	2.34	1.38		
0.31		0.10	-	0.03			0.01	-	-	0.00	0.03	0.02		
0.62		0.19	-	0.05			0.01	-	-	0.01	0.06	0.03		
31.21		7.25	-	2.51			0.72	-	-	0.37	2.94	1.74		
31.21		7.25	-	2.51			0.72	-	-	0.37	2.94	1.74		
40.89		9.74	-	7.02			1.13	225.49						
32.05		7.77	-	7.02			1.13	225.49						
19.89		5.00	-	7.02			1.13	225.49						
32.03		7.77	-	5.68			0.90	225.49						
0.41		0.14	-	0.08			0.01	225.49						
0.82		0.26	-	0.17			0.02	225.49						
40.89		9.74	-	8.40			1.14	225.49						
40.89		9.74	-	8.40			1.14	225.49						
-	9.69	-	2.45	-			-							
2.04	0.89	0.66	0.31	0.02			0.18							
4.08	1.77	1.26	0.58	0.04			0.36							
40.80	17.72	10.62	4.89	0.43			3.61							
40.80	17.72	10.62	4.89	0.43			3.61							
2.04	0.89	0.66	0.31	0.02			0.18							
4.08	1.77	1.26	0.58	0.04			0.36							
40.80	17.72	10.62	4.89	0.43			3.61							

					CO ₂										Non-CO ₂ Gas		Total		
					Aerial Biomass		Underground Biomass		Dead Wood		Litter	C Land	Harvested Wood products: Use change crops				Biomass burn		
													PM.F 1	PM.F 2	PM.F 3	PM.F 4			
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F 1	PM.F 2	PM.F 3	PM.F 4	CH ₄	N ₂ O	
Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include	Include				
tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹	tCO ₂ -e ha ⁻¹				
400	40.80	17.72	10.62	4.89	0.43			3.61											
P	-	-	-	-	6.29			-											
AU	-	-	-	-	-			-											
H	nat	-	-	-	-	-		-											
	art	-	-	-	-	-		-											
OT	para	-	2.16	-	0.53	-		-											
	sd	nat	-	-	-														
		art	-	-	-	-													
SI	-	-	-	-															

Chart 12.2.15. Average relative uncertainties (%) at 90% trust level of estimated carbon stockss for each category, deposit and gas by using Method 1 of the IPCC.

Notes: **TF & TFC** = Forest Lands and Lands turned into Forest Lands; **C** = Crops; **P** = Grasslands; **H** = Wetlands; **AU** = Settlements; **OT** = Other Lands; **SI** = Without Information. **Bhp** = Very wet and pluvial forests; **Bh** = Rain forests; **Bs** = Dry forests; **Man** = Mangroves; **Bp-Y** = Palm forests – Yolillales; **bp** = primary forests; **bn** = new forests; **smf** = without sustainable management of forest; **cmf** = with sustainable management of forest; **i** = intact; **d** = degraded; **md** = very degraded; **int** = intervened; **1 ... 400** = age in years; **an** = annual; **per** = permanent; **zll** = rainy zone (> 2000 mm year⁻¹); **zh** = wet zone (1000-2000 mm year⁻¹); **para** = Moors; **sd** = Bare lands;; **nat** = natural; **art** = artificial; **BARA** = Aboveground biomass; **BNAA** = Aerial Non-Arboreal Biomass; **BARS** = Underground Arboreal Biomass; **BNAS** = Underground Non-Arboreal Biomass; **MMA** = Aerial Dead Wood; **MMS** = Underground Dead Wood; **H** = Litter; **SOC** = Soil organic carbon; **PM.F1** = Harvested Wood products, Fraction 1 (paper products); **PM.F2** = Harvested Wood products, Fraction 2 (non-structural panels); **PM.F3** = Harvested Wood products, Fraction 3 (structural panels, veneer, plywood); **PM.F4** = Harvested Wood products, Fraction 4 (sawmill wood); **CO₂**= carbon dioxide; **CH₄** = Methane; **N₂O** = Nitrose Oxide.

CO ₂												Non-CO ₂ Gas		Total
Aerial biomass		Underground biomass		Dead wood		Litter	C Land	Harvested Wood products: use change crops				Biomass burn		
BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F1	PM.F2	PM.F3	PM.F4	CH ₄	N ₂ O	
Include	Include	Include	Include	Include	Exclude	Include	Exclude	Include	Include	Include	Include	Include	Include	
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
8%		8%		18%		0%	0%			2%	20%	23%	137%	0%
8%		8%		18%		0%	0%			1%	20%	22%	135%	0%
8%		8%		18%		0%	0%			1%	20%	19%	134%	0%
8%		8%		23%		0%	0%			1%	20%	23%	137%	0%
8%		8%		8%		0%	0%			1%	23%	22%	117%	0%

					CO ₂										Non-CO ₂ Gas		Total		
					Aerial biomass		Underground biomass		Dead wood		Litter	C Land	Harvested Wood products: use change crops				Biomass burn		
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F1	PM.F2	PM.F3	PM.F4	CH ₄	N ₂ O	
					Include	Include	Include	Include	Include	Exclude	Include	Exclude	Include	Include	Include	Include	Include	Include	
					%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
				2	8%		8%		8%		0%	0%			1%	22%	20%	117%	0%
				399	8%		8%		8%		0%	0%			2%	22%	21%	116%	0%
				400	8%		8%		8%		0%	0%			2%	22%	21%	116%	0%
	Bh	BP	Smf	i	8%		8%		48%		0%	0%			2%	21%	22%	138%	0%
				d	8%		8%		48%		0%	0%			1%	20%	21%	136%	0%
				md	8%		8%		48%		0%	0%			1%	20%	18%	138%	0%
				Cmf	int	8%		8%		48%		0%	0%			2%	21%	23%	138%
		BS	Smf	1	8%		8%		48%		0%	0%			1%	23%	19%	123%	0%
				2	8%		8%		48%		0%	0%			2%	22%	20%	119%	0%
				399	8%		8%		48%		0%	0%			2%	22%	21%	118%	0%
				400	8%		8%		48%		0%	0%			2%	22%	21%	118%	0%
	Bs	bp	Smf	i	8%		8%		78%		0%	0%			2%	20%	22%	168%	0%
				d	8%		8%		78%		0%	0%			1%	20%	20%	172%	0%

					CO ₂										Non-CO ₂ Gas		Total		
					Aerial biomass		Underground biomass		Dead wood		Litter	C Land	Harvested Wood products: use change crops				Biomass burn		
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F1	PM.F2	PM.F3	PM.F4	CH ₄	N ₂ O	
					Include	Include	Include	Include	Include	Exclude	Include	Exclude	Include	Include	Include	Include	Include	Include	
					%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
	Ma n	bn	Cmf	md	8%		8%		78%		0%	0%			2%	20%	18%	188%	0%
				int	8%		8%		29%		0%	1%			1%	20%	22%	145%	0%
			Smf	1							0%								
				2	0%		0%		0%			0%							0%
				399	8%		8%		29%		0%	1%			2%	22%	20%	125%	0%
				400	8%		8%		29%		0%	1%			2%	22%	20%	125%	0%
		bp	Smf	i	12%		12%		29%		0%	0%			2%	25%			0%
				d	12%		12%		29%		0%	0%			2%	25%			0%
				md	11%		11%		29%		0%	0%			2%	24%			0%
			Cmf	int	12%		12%		37%		0%	0%			2%	25%			0%
		bn	Smf	1	12%		11%		43%		0%	0%			0%	25%			0%
				2	12%		12%		36%		0%	0%			2%	25%			0%
				399	12%		12%		37%		0%	0%			2%	24%			0%

					CO ₂												Non-CO ₂ Gas		Total
					Aerial biomass		Underground biomass		Dead wood		Litter	C Land	Harvested Wood products: use change crops				Biomass burn		
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F1	PM.F2	PM.F3	PM.F4	CH ₄	N ₂ O	
					Include	Include	Include	Include	Include	Exclude	Include	Exclude	Include	Include	Include	Include	Include	Include	Include
					%	%	%	%	%	%	%	%	%	%	%	%	%		
C	Bp-Y	bp	Smf	400	12%		12%		37%		0%	0%			2%	24%			0%
				i	22%		22%		118%			0%						0%	
				d	21%		21%		118%			0%						0%	
				md	21%		21%		118%			0%						0%	
		bn	Smf	int	22%		22%		122%			0%							0%
				1	22%		22%		133%			0%						0%	
				2	22%		21%		142%			0%						0%	
				399	22%		22%		141%			0%						0%	
				400	22%		22%		141%			0%						0%	
	an	zll				12%		12%											
				1	71%	68%	70%	69%	33%			47%							
				2	71%	68%	70%	68%	33%			47%							
				399	71%	68%	71%	68%	35%			48%							

					CO ₂												Non-CO ₂ Gas		Total
					Aerial biomass		Underground biomass		Dead wood		Litter	C Land	Harvested Wood products: use change crops				Biomass burn		
					BARA	BNAA	BARS	BNAS	MMA	MMS	H	COS	PM.F1	PM.F2	PM.F3	PM.F4	CH ₄	N ₂ O	
					Include	Include	Include	Include	Include	Exclude	Include	Exclude	Include	Include	Include	Include	Include	Include	Include
					%	%	%	%	%	%	%	%	%	%	%	%	%		
		zh		400	71%	68%	71%	68%	35%			48%							
				1	71%	68%	70%	69%	33%			47%							
				2	71%	68%	70%	68%	33%			47%							
				399	71%	68%	71%	68%	35%			48%							
				400	71%	68%	71%	68%	35%			48%							
P								76%											
AU																			
H				nat															
				art															
OT		para				2%		2%											
		sd		nat															
				art															
SI																			

Uncertainty of the reference level

The total uncertainty of the reference level was estimated with the Montecarlo method by considering the combined uncertainty of the activity data and of the emission factors. For this purpose, two macros of the “FREL TOOL CR v.1” tool were incorporated. The first one calculates the uncertainty level in the “FREL&FRL” sheet (see line 469) and the second one calculates the uncertainties of the emission reduction program results in the “RESULTS” sheet (see line 132).

Chart 12.2.16. shows the parameters defined in one of the Montecarlo simulations performed, with 10,000 iterations. Table 12.2.19. shows the results of the Montecarlo simulations for each REDD+ activity by using the setting of Table 12.2.16. The results are shown at 90% trust.

Chart 12.2.20. shows the final relative uncertainties of the reference level considering all the activities included.

Chart 12.2.16. Configuration of the Montecarlo simulation performed.

Date	9/17/2015 15:35	
Iterations	10,000	
Trust level	0.9	
Include activity data uncertainty	Yes	
Include emission factor data uncertainty	Yes	

In order to determine the relative contribution of the activity data to the total uncertainty of the reference level, 10,000 Montecarlo simulations were performed with the configuration shown in Table 12.2.17 (i.e. ignoring the uncertainty of the emission factors). Table 12.2.21 shows the results of the Montecarlo simulations using these settings. Likewise, Montecarlo simulations were performed with the configuration shown in Table 12.2.18 (i.e. ignoring the uncertainty of the activity data). Table 12.2.22 shows the results of the Montecarlo simulations using these settings.

Chart 12.2.17. Configuration of the Montecarlo simulation performed to determine the relative contribution of the activity data to the total uncertainty of the reference level.

Date	10/20/2015 4:55:37 PM	
Iterations	10,000	
Trust level	0.9	
Include activity data uncertainty	Yes	
Include emission factor data uncertainty	No	

Chart 12.2.18. Configuration of the Montecarlo simulation performed to determine the relative contribution of the activity data to the total uncertainty of the reference level.

Date	10/31/2015 7:05:01 AM	
Iterations	10,000	
Trust level	0.9	
Include activity data uncertainty	No	
Include emission factor data uncertainty	Yes	

Chart 12.2.19. Uncertainty of the reference level. Mean and percentiles for each REDD+ activity according to the 10,000 Montecarlo simulations performed with the settings shown in Table 12.2.16.

Activity		Statistical	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DF.an	Total anthropogenic deforestation	Mean	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197	7,212,197
		Percentile 95%	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035	8,953,035
		Percentile 5%	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494	5,541,494
	Anthropogenic deforestation of primary forests	Mean	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882	5,289,882
		Percentile 95%	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580	6,548,580
		Percentile 5%	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428	4,060,428
	Anthropogenic deforestation of new forests	Mean	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315	1,922,315
		Percentile 95%	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850	2,421,850
		Percentile 5%	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398	1,450,398
AE.bs	Carbon stocks increase in new forests	Mean	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)	(4,419,94 1)
		Percentile 95%	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)	(3,983,34 6)
		Percentile 5%	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)	(4,885,60 1)
CO	Forests conservation	Mean	1,258,696 ,796	1,251,542 ,408	1,244,442 ,359	1,237,396 ,141	1,230,403 ,248	1,223,463 ,183	1,216,575 ,450	1,209,739 ,563	1,202,955 ,037	1,196,221 ,394	1,189,538 ,161	1,182,904 ,868	1,176,321 ,052	1,169,786 ,254
		Percentile 95%	1,342,540 ,737	1,334,837 ,280	1,327,327 ,134	1,319,899 ,695	1,312,399 ,076	1,305,055 ,812	1,297,825 ,884	1,290,568 ,060	1,283,393 ,761	1,276,358 ,170	1,269,262 ,058	1,262,194 ,945	1,255,180 ,549	1,248,142 ,803
		Percentile 5%	1,175,666 ,956	1,169,027 ,346	1,162,329 ,815	1,155,689 ,658	1,149,116 ,031	1,142,577 ,551	1,136,100 ,291	1,129,683 ,954	1,123,309 ,074	1,116,982 ,217	1,110,691 ,470	1,104,470 ,790	1,098,285 ,340	1,092,145 ,175
FREL	Total reference level (only flows)	Mean	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256	2,792,256
		Percentile 95%	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996	4,399,996
		Percentile 5%	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082	1,198,082

Chart 12.2.20. Relative uncertainty at 90% trust of the reference level considering the combined uncertainty of the activity data and of the emission factors, per the configuration of the Montecarlo simulations shown in Table 12.2.16.

Statistical	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Higher level to 90% significance	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%	57.58%
Lower level to 90% significance	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%	57.09%

Chart 12.2.21. Relative uncertainties at 90% of the trust level of the reference level only considering the activity data per the configuration of the Montecarlo simulations shown in Table 12.2.17.

Statistical	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Higher level to 90% significance	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%	57.45%
Lower level to 90% significance	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%

Chart 12.2.22. Relative uncertainties at 90% of the trust level of the reference level only considering the emission factors, per the configuration of the Montecarlo simulations shown in Table 12.2.18.

Statistical	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Higher level to 90% significance	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%	14.12%
Lower level to 90% significance	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%	14.16%

As shown in Tables 12.2.20., 12.2.21. y 12.2.22., the most important proportion of the estimated total uncertainty for the reference level at a trust level of 90% (57.09% - 57.58%) is attributable to the uncertainty of the activity data, since by ignoring the uncertainties of the emission factors, the total uncertainty of the reference level is at a trust level of 90%, within the rank of 57.45% - 57.56%, while by ignoring the uncertainties of the activity data, the total uncertainty of the reference level is at a trust level of 90%, within the rank of 14.12% - 14.16%. From this analysis, it is concluded that improving the accuracy of the land use change maps is the most appropriate strategy to increase the accuracy on determining estimated emissions and absorptions.

13. Calculation of Emission Reductions

13.1. Ex-ante estimation of Emission Reductions

Total expected emission reductions for the ER-Program are shown in Table 13.1. Ex-ante emission reductions are projected for 2014-2025, based on the actual measurements for 2012-2013 (Table 2.2.2). To project emission reductions for 2014-2015, it was assumed that annual net emissions throughout this period equaled the average of net emissions for 2012-2013 ($1,752,620 \text{ t CO}_2\text{e yr}^{-1}$). Total emission reductions expected under the ER-Program are $24,536,680 \text{ t CO}_2\text{e}$.

According to Section 12, total uncertainty of measured emission reductions varies between 17,5% and 26,1%, depending on the year. Considering Criterion 22 of the CF-MF, a 4% discount was applied (Table 13.1).

Considering that title transfer may only be possible for 32% of total emission reductions (Section 17, Table 13.1), a total of $7,537,668 \text{ t CO}_2\text{e}$ transferrable emissions would be generated in 2012-2025.

In terms of risks of reversals, it was assumed to be 20%. Costa Rica proposes that emission reductions from the period 2012-2016 are accepted for the buffer for managing reversal risk. Hence, no additional deductions apply to the total of $7,537,668 \text{ t CO}_2\text{e}$ transferrable emissions in 2012-2025.

Table 13.1. Expected volume of transferrable emission reductions to the FCPF Carbon Fund⁷⁷.

ERPA term year t	Reference level	Estimation of expected forest-related emissions and absorptions under the ER Program			Estimation of expected set-aside to reflect the level of uncertainty associated with the estimation of ERs during the Term of the ERPA			Estimated emission reductions			Estimated results of the program under the FCPF Carbon Fund		
		Transferrable (32%)	Non transferrable (68%)	All lands (100%)	Transferrable (32%)	Non transferrable (68%)	All lands (100%)	Transferrable (32%)	Non transferrable (68%)	All lands (100%)	Emission reductions for result-based payments	Reserve to compensate possible future reversals	Total estimated results on public lands
2012	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	-	538.405	538.405
2013	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	-	538.405	538.405
2014	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	-	538.405	538.405
2015	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	-	538.405	538.405
2016	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	-	538.405	538.405
2017	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2018	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2019	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2020	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2021	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2022	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2023	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2023	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
2025	3.385.759	560.838	1.191.782	1.752.620	22.434	47.671	70.105	538.405	1.144.110	1.682.515	538.405	-	538.405
Total (tCO ₂ -e)	47.400.626	7.851.738	16.684.942	24.536.680	314.070	667.398	981.467	7.537.668	16.017.545	23.555.213	4.845.644	2.692.024	7.537.668

⁷⁷ As stated in the ER title transfer chapter, this calculation is preliminary and based on a restrictive interpretation of the existing legal framework. Costa Rica is taking legal provisions to be able to claim for a 100% of emission reductions and its potential transfer.

Total (%)	100%	32%	68%	100%	32%	68%	100%	32%	68%	100%	64%	36%	100%
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14. Safeguards

14.1. Description of how the ER Program meets the World Bank social and environmental safeguards and promotes and supports the safeguards included in UNFCCC guidance related to REDD+

Safeguards are instruments aimed to create conditions to increase the benefits and mitigate the risks of forest owners and other relevant stakeholders involved in the implementation of activities under the REDD + strategies for any project eventually developed in the territories and has potential to affect them, in this case the Emission Reduction Program. For this program, as described in the following figure (Figure 14.1.1) the attention to safeguards in Costa Rica is based on the full implementation of relevant regulations, ranging from general instruments such as the Safeguards agreed under the UNFCCC, the applicable World Bank Operational Policies, the National Legal framework and its subsequent institutional framework.



Figure 14.1.1. Design of the approach of UNFCCC Safeguards and the Operational Policies of the World Bank in CR.

Compliance of World Bank's operational policies

The design and implementation of the Emissions Reduction Program has been developed in accordance with the Environmental and Social Management Framework (ESMF), which addresses the identification and definition of the application of UNFCCC safeguards as per Decision 1/CP.16 and its Appendix 1 as well as the World Bank Operational Policies, applicable in the country. In this regard any reference to safeguards in this document should be interpreted as comprehensive of both frameworks, unless otherwise stated.

The World Bank's Operational Policies activated in the Integrated Safeguard Data Sheet (ISDS⁷⁸) for the case of Costa Rica are the following:

- Environmental Assessment (OP 4.01)
- Forests (OP 4.36)

⁷⁸ INTEGRATED SAFEGUARDS DATA SHEET ADDITIONAL FINANCING. APPRAISAL STAGE. Report No.: ISDSC6044. February, 2016.

- Natural Habitats (OP 4.04)
- Involuntary relocation (OP 4.12)
- Indigenous peoples (OP 4.10).
- Pest Control (OP 4.09)
- Physical cultural resources (OP 4.11)

On the other hand the following operational policies were not activated in the case of Costa Rica:

- Hydroelectric Dams' Safety (OP 4.37): Because the REDD+ Strategy will not fund the construction or rehabilitation of hydroelectric dams nor depends on the performance of existing ones.
- International Navigational Waters (OP 7.50): REDD+ Strategy will not perform activities to affect the amount or quality of international navigational waters.
- Projects in Areas in Dispute (7.60): The REDD+ National Strategy will not fund activities in areas in dispute as defined in the World Bank's policy.

The Environmental and Social Management Framework (ESFM) provides a detailed description of the relevant social and environmental operational policies as well as an analysis of the actions deriving from the ERPD that have the potential to impact those operational policies or the UNFCCC safeguards. The ESFM also includes a description of the procedures to be followed up for purposes of monitoring the enforcement of both safeguard frameworks, the existing national legal provisions as well as a set of guidelines, rules and principles to be followed if there are legislation gaps, which is consistent with the World Bank requirements (See Chapter 7 of the MGAS). A summary of the provisions to address the relevant social and environmental operational policies is presented below.

OP 4.01 Environmental Assessment

This operational policy is approached through the application of national legislation for being too comprehensive: Environment Organic Law N° 7554 of 1995; Executive Decree N° 31849-MINAE-SALUD-MOPT-MAG-MEIC; General Regulations on the Environmental Impact Assessment Procedures (EIA). It is considered that this regulatory framework is sufficiently comprehensive and complete, ensuring the proper implementation of the required environmental assessment policy and is broadly consistent with the safeguards.

OP 4.01, sets four categories; Costa Rica's case, Category B is applicable, whose possible environmental repercussions on human populations or zones with ecologic importance are less adverse than those of category A.

This is because the nature of the activities defined in the Emission Reduction Program and in the REDD+ National Strategy could have adverse repercussions in the population. Due to the foregoing, and as part of the actions to implement this safeguard, Costa Rica performed a Social and Environmental Strategic Assessment (SESA) for which propose a series of workshops took place with the Relevant Interested Parties (RIPs) to obtain feedback in the preparation of the REDD+ National Strategy and as part of the SESA process and the Social and Environmental Management Framework (MGAS in Spanish). The SESA process has been performed consistently with the World Bank's (safeguards) social and environmental operational policies.

The ESMF was developed during 2014-2015; it is the instrument under which the social and environmental impacts identified in the SESA were examined and their management was proposed through implementation procedures of safeguard and monitoring plans to mitigate them, as well as the different frameworks developed such as the Involuntary Relocation and Process Framework and the Planning Framework for Indigenous Peoples. In addition to that, a series of studies on the historic and current environmental situation have been performed such as the causes of deforestation, which have contributed to improve the proposals for the Emission Reduction Program and the REDD+ National Strategy.

OP 4.04: Natural Habitats

The operational Natural Habitats Policy is enforced through the application of the national legislation that is comprehensive: Environment Organic Law N. 7554 de 1995; Forestry Law N. 7575, de 1996; Biodiversity Law N° 7788 de 1998.

It is expected that the REDD+ National Strategy positively influence on the maintenance and increase of natural habitats in Costa Rica, defining actions for the maintenance and broadening of the Payment for Environmental Services program (PES in Spanish), the efforts to improve the protected areas system and the State natural heritage, along with the reinforcement of national strategies on fire management and illegal clearing control, as well as the incorporation of the natural regeneration and of Tree plantations within the framework of the policies and actions to be promoted, supposes an improvement of the natural capital of the country. This means a positive affectation on carbon stocks and other environmental co-benefits. In the specific case of the Emission Reduction Program for Costa Rica, through the application of this operational policy and the application of the national legislation, the aim is to assure the maximization of protection activities and the broadening of natural habitats as well as the services they provide to the population. This criterion is compatible with the provisions in Article 11 of the Biodiversity Law.

In this sense, the SESA's participatory and analytical process did not highlight any potential risk associated to the policies and actions of the REDD+ National Strategy in Protected Wildlife Areas (ASP in Spanish) forest habitats, besides other sensitive forest habitats under private or communal control. During the implementation of the Emission Reduction Program the relevant stakeholders will be consulted (PIRs), in order to identify possible negative and positive implications of the policies and actions on natural habitats, including monitoring activities to assure that critical natural habitats are not affected. Indicators have been included in the follow-up and assessment process proposed in ESMF to assess possible impacts prior to the execution of any action performed in sensitive sites. The way this operational policy is complied with is set forth in the ESMF.

OP 4.09: Pest Management

This safeguard is implemented by applying the national legislation which is very comprehensive: Law for the Development, Promotion and Enhancement of Agricultural Activities N° 8591 of 2007; Phytosanitary Protection Law N°7664 of 1997; Regulations on the Registration, use and control of agricultural plaguicides and adjuvants, Decree No. 24337-MAG-SALUD de 1995.

The World Bank promotes the biological management of plagues in order to reduce dependency on synthetic pesticides. In the projects approved by the Bank, the management of pests must be attended within the context of the environmental assessment. The Bank assesses the capacity of the regulatory and institutional frameworks of the beneficiaries in order to define their capacity to manage pests in an environmentally "friendly" way and promotes the integrated pest management (IPM).

This operational policy is activated because it is considered that the establishment of tree plantations, agro-forestry systems and other silvicultural activities are considered forecasted as part of Emission Reduction Program could suppose in specific cases, the need of dealing with pests, and an element that must be approached in a specific manner during the implementation and cannot be predetermined. Currently, there

are no plans to promote actions to explicitly cause an increase on the use of pesticides or other chemicals. However, it is possible that some sustainable management of forest practices used in plantations may be used in silvicultural practices with pesticides. The impacts and risks associated to the possible use of any chemical product in forestry management, if necessary, will be analyzed and mitigated through actions contained in the forestry management plans.

OP 4.10: Indigenous peoples

OP 4.10, is complied with the development of the organization and consultation process, in compliance with ILO Convention 169 described in section 5.1.

All projects proposed for funding by the World Bank affecting Indigenous peoples must execute a prior consultation procedure, free and informed, aiming to obtain broad support from the indigenous community potentially affected.

With the SESA results, the Social and Environmental Management Framework (ESMF) was prepared and filed before the World Bank; it serves as a guiding instrument for the implementation of the REDD+ National Strategy and for future investments in activities for land demonstration. The MGAS includes the Planning Framework for Indigenous Peoples (MPPI in Spanish) and its purpose is to address the problems that might arise from specific investments during the implementation of the Emission Reduction Program. Under this policy, the indigenous peoples affected by the REDD+ National Strategy must be consulted in an appropriate cultural manner and must provide wide community support. Costa Rica is also committed to comply with its duties under ILO Convention 169 regarding tribal and indigenous peoples.

OP 4.11 Physical cultural resources

This operational policy was triggered on a preventive basis during the update of the ISDS in February 2016, on the assumption that some forests areas where this project activities will be implemented might be considered by some groups in society as important cultural, spiritual and historical places, despite that forest areas in Costa Rica are not considered physical cultural resources by the Government. In this sense, it is important to recognize that the current biodiversity law (N° 7788, 1998) includes provisions related to respecting and promoting cultural practices and knowledge associated with biodiversity elements, in accordance with national and international legal frameworks, particularly in the case of peasant communities, indigenous peoples and other cultural groups and also establishes the principle of free, prior and informed consent.

The Forestry Law (7575, 1996) as well as the Environmental Law (7554, 1995) complement the relevant legal framework, in particular related to the existence of mechanisms to ensure the respect of environmental rights for all citizens.

OP 4.12: Involuntary Relocation Instruments

This policy covers the direct economic and social effects resulting from the investment projects that may derive in involuntary land deprivation and the involuntary restriction of access to zones qualified by the Law as parks or protected zones, with the subsequent adverse effects for the subsistence of the people displaced.

To comply with the involuntary relocation policy, a Framework of the Process (PF) will be prepared as part of the ESMF in order to manage the potential access restriction of local communities to rural resources. Additionally, an Involuntary Relocation Framework (MRI in Spanish) was prepared face the potential relocation of private land owners currently living in protected areas and the possible relocation and compensation of private land owners in indigenous territories.

In addition, the REDD+/CCAD/GIZ Program supported the development of "Action Plans for Land Reclamation in indigenous territories", which are a guide from the cadastral and legal perspective, that provides guidelines and relevant information about how each of the indigenous territories can take action regarding the recovery of their lands, according to current regulations.

These plans include land registry studies, which have provided a significant contribution to identify the problems of tenure in each of indigenous territories as well as the legal and/or administrative provisions necessary to address each specific situation, which seeks to generate greater profits for the various indigenous groups participating in REDD +, to the extent that the situation of land tenure of their territories is more consolidated.

OP 4.36: Forests

The purpose of OP 4. 36 is assisting the beneficiaries in using the potential of forests in the fight to reduce poverty in a sustainable manner, to integrate them into the sustainable economic development and to protect their values and environmental services, at the local and global levels. This policy applies to projects that might affect the quality or life of forests; that affect populations depending on forest resources; and whose goal is to generate change in the management, protection or use of natural forests or plantations, public, private or communal. In this sense, the Bank does not fund projects implying forest degradation, disappearance or exploitation. In order to determine the possible negative environmental impacts on forest ecosystems, the Bank sets the assessment and mitigation guidelines through OP 4.01.

The Emission Reduction Program and the REDD+ National Strategy will be based on FONAFIFO's experience with the PES program and the principles, criteria and national indicators applicable to sustainable management of forest. During the preparation stage, these and other forest and rural development initiatives have been assessed by incorporating lessons learned in the design of the REDD+ National Strategy and the potential social and environmental risks associated to REDD+ in the MGAS. For this purpose, the contributions of participants of the different sectors in the participatory workshops were feedback of the highest importance. In the case of the Emission Reduction Program, being an initiative actively involving forests, these OP is of particular significance. Due to the foregoing, operational policy 4.36 serves as the parameter to assess all the forest management activities implying poverty reduction.

Approach to the safeguards of the United Nations Framework Convention on Climate Change

Costa Rica has broad institutional and legislative experience in the development and implementation of environmental and social safeguard mechanisms. Many of the principles set in the environmental and forest legislation of the country were issued almost 20 years ago to operationalize compliance of the constitutional obligation of granting the inhabitants of the country the enjoyment of a healthy and ecologically balanced environment, compatible with the safeguards of REDD+ under the Convention⁷⁹. The policies and actions incorporated into the Emission Reduction program will support the respect of the aforementioned safeguards and the full functioning of a transparent and robust information system according to COP's requirements. Specifically, policy 6 contains a series of actions towards reinforcing the foregoing. This policy is related to participation, transparency and accountability (**Section 4.3.**).

As mentioned above, the Emission Reduction Program is part of a political prioritizing initiative led by the Ministry of the Environment and Energy, seeking to prioritize efforts in the implementation of some strategies set in the Forestry National Development Plan in force, therefore guaranteeing the compatibility of both instruments. Additionally, the PRE sets clear work guidelines to improve the synergies between the objects of the main global environmental conventions of which the country is a party. National legislation sets the explicit prohibition of forest land change, guaranteeing an effective action against reversals. Finally, the PRE is envisioned as an additional effort that the country will start to strengthen its actions towards

⁷⁹Annex I of decision 1/CP.16.

improving life quality of its population and the reduction of poverty, emphasizing in rural areas. This way, a proposal consistent with the general framework of safeguards application is presented.

From the perspective of forest governance and participation mechanisms of relevant stakeholders, it is important to recognize that the legal framework in force in the country is extremely rich in establishing mechanisms to facilitate dialogue between government entities and civil society. For instance, the Forest Law establishes the creation of the Forestry National Office as the entity to facilitate dialogue around forest policies in the country. This office is comprised by representatives of small and medium producers, private sector, industrial sector and non-government organizations. Likewise, the relevant stakeholders will be represented before the Board of Directors of the National Forest Financing Fund, through democratic nomination mechanisms internally in each sector. Besides, in a broader scenario, representatives of the civil society participate in the Conservation Areas Regional Councils and in the Conservation Areas National Council, which is one of the entities for decision making on the national policies on natural resource conservation, including the topics related to forest ecosystems.

The institutional framework of participation mentioned above has been specifically strengthened to promote a higher participation of the PIRs in all of REDD+ efforts, including the Emission Reduction Program, through the creation of an Executive Committee by means of a decree that broadens the participation of small and medium sized peasants and strengthens the participation of indigenous peoples. The Committee has been the main referent for the dialogues between the Government and the relevant stakeholders and is a mechanism intended to remain valid during the implementation of the PRE in a constant manner.

The scope of the Emission Reduction Program, in fact, is oriented towards safeguarding the Convention, since it contains specific actions that: a) complement the implementation of the Forestry National Development Plan and the main global environmental conventions, b) starts by recognizing forest governance formal and transparent structures set forth in the Forestry Law in force, c) starts by recognizing the rights and cultural scopes of indigenous peoples and assists the needs of local communities, d) strengthens participation mechanisms of the relevant stakeholders, particularly indigenous peoples, e) reinforces actions to guarantee the conservation of forests and avoid their conversion into other uses consistently with the legislation in force and promotes environmental and social goals beyond emission reductions, and f) contains specific actions to prevent reversals and leaks. The table below describes the application of the Cancun Safeguards in the ESMF.

<i>UNFCCC REDD+ Safeguards</i>	<i>Application in the MGAS</i>
Safeguard a: the complementarity or compatibility of the measurements with the goals of national forestry programs and of the international conventions and agreements on the subject matter.	The analysis of the national and international Legal Framework applied this safeguard, setting its compatibility with national forestry programs and the international conventions on the subject matter.
Safeguard b: The transparency and efficacy of national forestry governance structures, considering national legislation and sovereignty.	This safeguard is considered one of the follow-up indicators.
Safeguard c: Respect of knowledge and of the rights of indigenous peoples and of the members of their local communities, taking into account pertinent international obligations and circumstances, and the national and international legislation.	The application of the national and international regulations is set for the indigenous topic. Additionally, the procedures for applying the Indigenous peoples OP and the BM and safeguard plans are set.
Safeguard d: The full and effective participation of the interested parties, particularly indigenous peoples and local communities.	The application of the national and international regulations is set for the indigenous topic. Additionally, the procedures for applying the Indigenous peoples OP and the BM and safeguard

	plans are set.
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Figure 14.1.1. Application of mitigation measures of the Environmental and Social Management Framework and its relationship with the safeguards defined for REDD+ under the CMNUCC.

The country has made progress in identifying a broad framework of indicators to feed the SIS. Currently we are fine-tuning the key indicators, which will be the basis for the design of the technological platform for the system operation. As appropriate it will be expanded to cover other indicators, and even meet requirements deriving from other international initiatives. It is also defined a roadmap to advance on the next steps to enable the operation of the SIS in its first phase.

14.2. Description of arrangements to provide information on safeguards during ER Program implementation

Safeguards and their implementation during the Program

Costa Rica developed a series of workshops with different PIRs, in which a series of indicators that could be applied under the guidelines of Cancun were identified, also defining the different existing institutional structures to house the Safeguards Information System with generating actors and their respective institutions.

Costa Rica has reiterated its full political commitment to address and respect all UNFCCC safeguards during the various stages of implementation of the National REDD+ strategy (design, piloting and full implementation) as well as the social and environmental operational policies. Likewise, the country will report at least biannually to the UNFCCC on their progress in addressing and respecting safeguards and also plans to provide annual summaries in the context of REDD+ website established at the UNFCCC, besides attending the regular reporting requirements that will apply to the ER-P implementation (PAD).

The Organic Law of the Environment (Nº7554, Article 2) states that the State shall promote the implementation of an "Information System with environmental indicators" aimed at measuring the evolution and correlation with economic and social indicators for the country. According to Decree No. 29540-MINAE, in April 2001, the National Center for Geo-environmental Information (CENIGA) is established as the technical unit of MINAE designed to promote proper management of national environmental information.

The country has decided that the Safeguards Information System (SIS) will be part of the National Environmental Information System, as it is an official system, and will be open, accessible, transparent and robust. In addition to the specific requirements of the UNFCCC and other actors supporting REDD+ action in the country, the SIS must also comply with the current regulatory framework for official information.

Regarding the specific arrangements for the monitoring of safeguards, the REDD+ Executive Secretariat in FONAFIFO will have the leading role of overseeing the final design, implementation and reporting during the readiness and piloting phases. CENIGA will serve as a technical resource in order to ensure consistency of the SIS with the current internal requirements of accuracy and adequacy of the information used to feed the reporting system. Reporting on the implementation of safeguards will occur at least yearly as part of the monitoring system for the overall ER-P implementation and will include consultations with stakeholders to provide feedback to the draft reports and all the relevant information will be included in an Annex. If seemed appropriate, advance reports will also be included as per the regular reporting periods determined for the ER-P. During the full implementation phase, it is expected that the key entities (SINAC/FONAFIFO) will assume the responsibility of management of the overall process. The ESMF also includes provisions on the specific responsibilities of other public entities that have authority to deal with cases related to respecting safeguards and the procedures to be followed as well as tools to be used in monitoring the

advances. These arrangements will apply to both the UNFCCC safeguards as well as to the relevant Operational Policies of the World Bank.

National Center for Geoenvironmental Information (CENIGA)

Whereas the REDD+ strategy has a national status, the proposed indicators to report to the Convention would also have a national scale. In this sense, the indicators will help to determine and report transparently on the respect and compliance with safeguards- Eventually, as the implementation process progresses, the institution responsible for REDD in Costa Rica could take the decision to develop descriptive indicators or aggregates for projects run at regional or local level, in which case local indicators such as those contained in the PROMEC for conservation areas could be used.

Statistics and processed data would be provided by the competent institutions on REDD+ issues. As the SINIA which consists of a coordination platform between the different nodes of information, the designation of a node for REDD+ Safeguards, responsible for drawing up reports at the intervals and preset requirements would be required. The following figure shows an outline of how the SIS could be implemented.



Figure 14.1.3. Costa Rica's Proposal for the inclusion of indicators Node for REDD+ safeguards within the framework of environmental information.

Development of safeguards plans

According to the FCPF Carbon Fund Methodological framework, *the safeguard plan is a document that describes the actions to be taken by the ER Program Entity during the implementation and operation of the ER Program to eliminate, offset or reduce adverse environmental and social impacts and to enhance positive environmental and social impacts and opportunities in accordance with the World Bank requirements. Depending on the results of the World Bank's safeguards due diligence, these documents may include among others, e.g. , an Enviromental Management Plan a Resettlement Action Plan and/or and indigenous Peoples Plan*⁸⁰.

⁸⁰ FCPF Carbon Fund Methodological Framework, 2013 pp 31.

Currently, Costa Rica has been working in the development of the safeguard plan, which will be finalized and disclosed in a culturally appropriate manner among the different stakeholders before the ERPA signature.

In this matter, a significant progress has been achieved in the creation of inputs for the safeguards plan, including seven milestones described as follows:

- 1) Country's Safeguard Approach (described at the beginning of this section),
- 2) The Strategic and Environmental Social Assessment workshop in which the stakeholder identified the main risks for the Strategic Options in Costa Rica's R-PP. These risks lie in issues such as land tenure, benefit sharing, monitoring and evaluation, and indigenous people cultural approach. All of these risks were discussed with the stakeholders during the pre-consultation phase and a series of studies for each topic were developed. Section 5.1 provides a broader explanation about these topics.
- 3) Environmental and Social Management framework, which established the main risks and the action plans to mitigate them. This document also provides the compliance of the World Bank's Operational Policies, defined in the Integrated Safeguards Data Sheet as well as the Planning Framework for Indigenous People, and the resettlement framework.
- 4) Development of the Safeguards Information System
- 5) Inter-institutional Arrangements to provide information regarding safeguards (described above)
- 6) Review of the SIS 20 Indicators
- 7) Internal exercise: analysis of Cancun's Safeguards approach. To make sure that the Country had the required inputs and the appropriate monitoring arrangements for safeguards, REDD+ Executive Secretariat created an exercise in which they analyzed each safeguards, and defined the actions and future actions to be implemented regarding each safeguards. This exercise will be presented as follows:

Cancún Safeguard	Approach for compliance
Safeguard a: the complementarity or compatibility of the measurements with the goals of national forestry programs and of the international conventions and agreements on the subject matter.	REDD+ is located in The National Development Plan, in the National Development Forestry Plan (NDFP) and in the Rural Development and Forestry Program. These initiatives determine Costa Rica's approach and guidelines regarding forests. The NDFP contemplates the three main conventions, biodiversity, climate change and desertification.
Safeguard b: The transparency and efficacy of national forestry governance structures, considering national legislation and sovereignty	REDD+ has a National Decree and Ministerial Guidelines in which interinstitutional agreements were held in order to promote capacity building, teamwork, interinstitutional support and transparency. Costa Rica also has a very strong forestry reGENCY program which that supports transparency in the registry, reference level and MRV
Safeguard c: Respect of knowledge and of the rights of indigenous peoples and of the members of their local communities, taking into account pertinent international obligations and circumstances, and the national and international legislation.	Addressed in consultation plan and ESMF
Safeguard d: 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 this decision	Addressed in consultation plan and ESMF
Safeguard e: 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	New financial mechanisms might be developed, and an enhancement of the current ones such as Payment For Environmental Services for Indigenous People and Payment For Environmental Services for

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	small and medium agroforestry producers. Development of criteria and indicators for assessing primary and secondary forest management Forestry Industry development with plantations and farm diversification
Safeguard f: Actions to address the risks of reversals	Inclusion of bank sector in order to promote activities to undermine the deforestation drivers Reinforce current policy such as forest fire strategy. This issues will be approached in the MRV
Safeguard g: Actions to reduce displacement of emissions.	This issues will be approached in the MRV

Costa Rica has reached a significant progress building a safeguard plan, however further development is required, including the stakeholder's final validation for SIS indicators, and the safeguard's plans final draft which is currently under construction.

The safeguard plans will cover social and environmental issues and include the mitigation measures of adverse environmental and social impacts identified during the national preparation process in SESA and MGAS, derived from the implementation of the REDD+ National Strategy and the Emission Reduction Program taking into consideration the institutional and regulatory frameworks in force. These safeguard plans have been prepared simultaneous to the preparation of the Emission Reduction Program and are reflected in the ESMS supporting REDD+ National Strategy by incorporating the environmental and social safeguards triggered by the World Bank's ISDS for Costa Rica.

In the ESMF, the topics identified as risky to produce environmental or social impacts relevant to the specific context of the Emission Reduction Program are described below with their corresponding mitigation measurements (summary), and are the result of a systematization of the consultation processes that started with the SESA workshop in 2011 and the subsequent participation activities. For each risk axis the specific actions and tasks proposed as part of the Emission Reduction Program are mentioned. (Please note that the Risk Axis # 4 is not included since no relevant potential impacts were identified or were already addressed in other Risks Axis, thus it was finally discarded). As an additional explanation, the Risk Axis are the basis for defining policies, actions and activities. The ESMF included an analysis of all actions deriving from the proposed policies and mitigation measures or procedures are also included (See Table 4 in the ESMF). In this section we are highlighting many of the potential impacts in indigenous peoples due their special condition and positioning regarding both the UNFCCC safeguards and the WB operational policies, including those cases that required "frameworks", i.e. indigenous peoples and involuntary relocation.

Risk axis 1. Governance, operational management, administrative and silvicultural capacities, and coherence of policies in the public and private sector.

Actions that can generate environmental and/or social impact: 1.2 Strengthen the deforestation control, degradation, clearing control, processing and illegal commercialization of forest products program both operationally and financially. 1.3 Strengthen the National Forest Monitoring System. 1.5 Contribute to the consolidation of the Protected Areas National System. 1.7 Develop and execute implementation plans for actions addressing direct and subadjacent causes for deforestation and degradation. 2.1 Prepare the Forestry Development Plan in Indigenous Lands. 2.2 Develop and strengthen mechanisms for the solution of controversies in the implementation of REDD+. 3.1 Assist in the implementation of the PNDF policies related to the improvement of management capacities in support to the implementation of REDD+. 3.2 Strengthen promotion and recognition policies on sustainable agricultural and agro-forestry practices.

Mitigation measurements proposed in the ESMF:

- **Application of the following legislation:** Forestry Law N° 7575; Environment Organic Law N°7554; Regulation Decree N° 25721-MINAE; Decree N° 27998-MINAE (Principles, Criteria and Indicators for the Sustainable Management of Secondary Forests and Forestry Certification in Costa Rica); Executive Decree N° 27388-MINAE (Criteria and Indicators for the Use and Management of Forests and Certification); Executive Decree N° 34559- MINAE, (Sustainability Standards for the Management of Natural Forests); Regulations of Forestry Regencies; Decree N° 38444-MINAE; Executive Decree N° 25700-MINAE (ban for endangered tree species); Decree N° 38444-MINAE of 2014 (forestry regents); Biodiversity Law N° 7788 (creation of SINAC and establishment of its functions and organic structure, Article 22); Indigenous Law No. 6172; Law N° 7316 Approval of ILO Convention 169; Convention on Biologic Diversity (CDB) ratified by law N°7416; Application of Expropriations Law N° 9286.
- **Safeguard plans:** a) Prepare a Procedural Framework for Resources Restriction per OP 4.12 of the BM. b) Prepare a Social Assessment Plan. c) Prepare a Plan for Indigenous peoples as applicable. d) Prepare an Involuntary Relocation Framework according to OP 4.12 of the BM. In case of voluntary submission to the forestry regime, the owner does not lose his right of ownership over the land; he just submits it voluntarily to regulations that guarantee the protection of forests, and for that purpose it must be recorded at the Registrar kept by SINAC. e) Prepare a Plan for Indigenous peoples.

Risk axis 2. Absence of legal security, recognition and regularization of land tenure and carbon rights in TI, ABRE zones, other private zones and public lands.

Actions that can generate environmental and/or social impact: 4.1 Address land tenure and the rights of emission reduction in indigenous lands. 4.3 Address land tenure and rights of emission reduction in the Public Sector. 4.4 Promote consistency of delimitation and demarcation rules in ABRE (Areas under Special Regimes) zones.

Mitigation measurements proposed in the ESMF:

- **Application of the following legislation:** Environment Organic N°7554; Forestry Law N° 7575; Biodiversity Law N° 7788; Indigenous Law N 6172; Expropriations Law N° 9286; Law N° 7316 ratification of Convention 169.
- **Safeguard plans:** a) Prepare an Involuntary Relocation Framework according to OP 4.12 of the BM. b) Prepare a Procedural Framework for access restriction. c) Prepare a land donation protocol. d) Prepare a Social Assessment. e) Prepare a Plan for Indigenous peoples according to OP 4.10 Indigenous peoples of the BM.

Risk axis 3. Limitations in the modalities, amounts and scope of the existing financing mechanisms, in particular the PES and need of improving competitiveness of the sector. Distribution of benefits to guarantee REDD+ social and environmental goals.

Actions that can generate environmental and/or social impact: 5.1 Forest ordering in all national territory according to their contributions to the REDD+ goals. 5.2 Improve competitiveness of financing mechanisms for forest and agro-forestry ecosystems in relation to other land uses.

Mitigation measurements proposed in the ESMF:

- **Application of the following legislation:** : Environment Organic N°7554; Forestry Law N° 7575; Biodiversity Law N° 7788; Indigenous Law N 6172; Expropriations Law N° 9286; Law N° 7316 ratification of Convention 169; Convention on Biologic Diversity (CDB) ratified by Law N°7416.

- **Safeguard plans:** a) Prepare a Social Assessment. b) Prepare a Planning Framework for Indigenous peoples. C) Prepare a Plan for Indigenous peoples per OP 4.10 Indigenous peoples of the BM.

***Risk axis 4.** Please note that the Risk Axis # 4 is not included since no relevant potential impacts were identified or were already addressed in other Risks Axis, thus it was finally discarded*

***Risk axis 5.** Transparency, accountability, follow-up and consistency with the REDD+ implementation framework.*

Actions that can generate environmental and/or social impact: 6.2 Implementation and follow-up of the Environmental and Social Management Framework. 6.4 Incorporate the scope of gender, youth participation and other relevant groups into the REDD+ strategy.

Mitigation measurements proposed in the ESMF:

- **Application of the following legislation:** Biodiversity Law N° 7788; Indigenous Law N° 6172; Law N° 7316 ratification of Convention 169; Biologic Diversity Convention (CDB) ratified by Law N°7416; Law N°7416. Service Comptroller Offices Law.
- **Safeguard plans:** a) Perform a Social Assessment. b) Develop a Plan for Indigenous peoples per the OP 4.10 Indigenous peoples of BM.

As described above, the ESMF sets the modalities and procedures to manage possible substantial environmental and social risks in the implementation of activities of the REDD+ National Strategy, by associating them with their corresponding mitigation measures that use better practices. The MGAS also included procedures for (i) the permanent consultation with the pertinent interested groups; (ii) the measures for capacity strengthening; and (iii) the selection, assessment and institutional responsibility criteria to manage environmental and social impact among others.

In addition to that, a series of self-assessment workshops have been developed with multiple interested parties, including the preparation of the results report included in the R-Package. Other significant progress achieved regarding social issues and the consultation plan of indigenous peoples of the REDD+ National process include the following: (1) Setting a Participatory Focus; (2) Performance of analytical studies; (3) Definition of a Consultation Plan for Indigenous Peoples; (4) Preparation of an Information, Feedback and Disconformities Mechanism (MIRI in Spanish).

14.3. Description of the Feedback and Grievance Redress Mechanism (FGRM) in place and possible actions to improve it

Existing mechanisms to receive claims and provide information

After analyzing the existing mechanisms in Costa Rica to solve claims of the population related to the quality of service provided by the institutions of the Executive Branch, it is concluded that since 1992, Costa Rica has an Ombudsman Office, institution in charge of caring for the conformity of the population with regards to the public institutions and their duties assigned by law. The Ombudsman Office is entitled to address non-compliance and non-conformity issues and to provide responses to the persons affected, by asking the corresponding actions to the respective entity.

The Ombudsman Office of the Republic of Costa Rica has the National Services Comptroller's Office System, comprised by the service comptroller offices as ordered by Law in all public institutions to receive claims and complaints and their processing as appropriate. Currently, the service comptrollers of the Executive Branch are coordinated by the Ministry of Planning, which must submit a report on the performance and a summary of the claims filed by the users.

Complementary to the Ombudsman Office of the Republic and the National Services Comptroller's Office, the National Fund for Forest Financing is the pilot of an Information, Feedback and Disconformities Mechanism (MIRI), a mechanism specifically designed for the REDD+ National Strategy and the Emission Reduction Program. The MIRI responds to a participative process performed with the relevant stakeholders, so its implementation responds to the conditions proper of each group. In this sense, its contribution was important to set the reception and spread channels, prepare different use friendly channels, and to prepare informational and promotional material in a language appropriate to each group. This way, legitimacy, accessibility, transparency and capacity to address the claims are guaranteed.

Additionally, to guarantee better access, and upon request of the PIRS, an institutional link with the Ministry of Agriculture and Cattle Farming was open so their offices act as a point to receive the forms in addition to those of FONAFIFO. The response procedure and the resolution of disconformities is a proceeding that is handled by the Services Comptroller of the Institution and it is done, according to Law, within a term of 5-15 work days at a maximum, as the case may be, starting with the reception of the form at the Comptroller Office. The relevant stakeholders are entitled of watching for its compliance at any time they might consider it appropriate before that same instance and may have access to the reports issued twice a year through the REDD+ Costa Rica web site⁸¹.

Functioning of the Information, Feedback and Concerns Mechanism

The MIRI intends to implement an accessible and transparent information, feedback and disconformities mechanism for the relevant stakeholders to favor the participation and dialogue to implement the REDD+ Costa Rica Strategy, respecting the existing legislation. The following figure shows a summary of the MIRI operation process. .

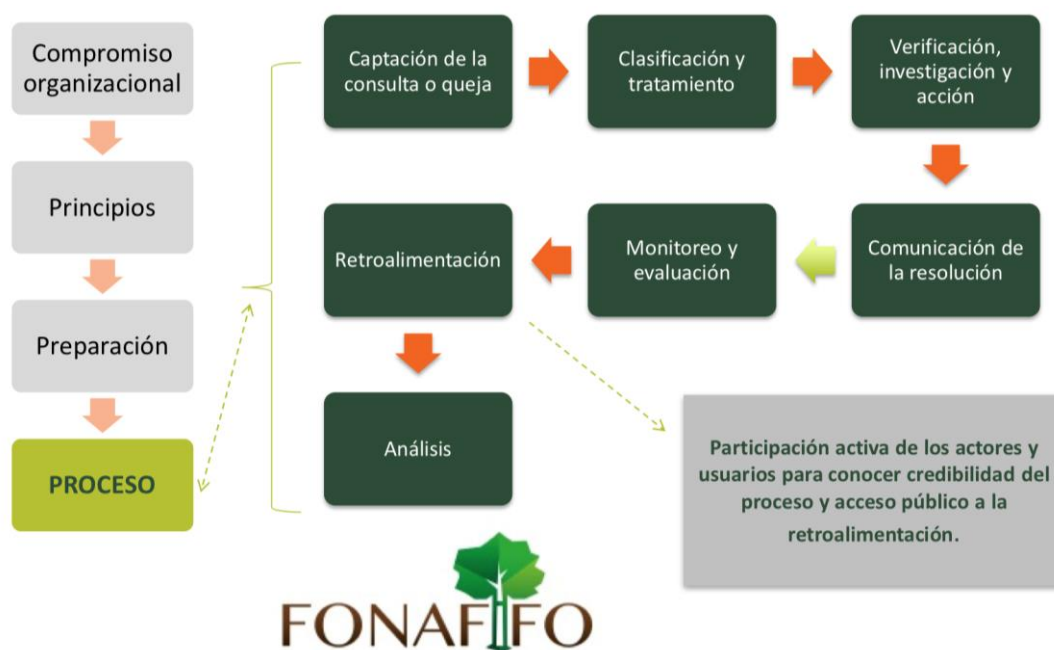


Figure 14.1.2. Macro process of the implementation of the Information, Feedback and Concerns Mechanism.

To guarantee accessibility to the mechanism, it has the following channels:

⁸¹www.reddcr.go.cr

1. **Telephone line:** a telephone line will be open at the headquarters of FONAFIFO to receive actions. Staff in charge of receiving the telephone requests will comprehensive the form electronically, available at the REDD+ web site, or will receive the information in an electronic form that will be forwarded to the Service Comptroller.
2. **Online form:** the REDD+ web site has a section for the relevant stakeholders to obtain a form and file their questions, feedback or disconformity regarding the REDD+ process. This is a generic form to be used by all relevant stakeholders. The platform designed is friendly and simple for the use of the relevant stakeholders. Additionally, it has an option to consult about the situation of the processes through the web site in the platform. Regarding transparency of the processes, the platform automatically issues statistics that will support the preparation of reports by the Service Comptroller regarding processes filed by that means. As an annex, the user manual of the platform is facilitated, exclusive for Comptroller staff and FONAFIFO. The user of this platform will have a full copy of the form he/she sends with the action, as well as single number assigned for follow-up.
3. **Reception at sub-regional offices of MAG and FONAFIFO:** FONAFIFO has nine regional offices available for the use of MIRI, and MAG has 22, for a total of 32 offices throughout the country. Additionally, the Indigenous Development Associations of the different indigenous lands have also been authorized to receive claims and have the forms to facilitate access of the population to indigenous peoples, who can have the assistance of the cultural mediators for due completion of the forms.
4. **E-mail:** The person that performs the action can send it directly to the Secretariat of REDD+ and the Service Comptroller of FONAFIFO or use this means for follow-up of their actions filed.

Page 38 of the document “Information, Feedback and Concerns Mechanism” shows in detail the implementation of this mechanism.

Reference to the Safeguard Information System

One of the potential applications of the Information, Feedback and Disconformities Mechanism is contributing with information and feedback to the Safeguard Information System. The system design contemplates keeping this information platform to receive feedback on how safeguards are being addressed and respected during the implementation stage of the REDD+ National Strategy and the Emission Reduction Program, as well as for the socialization of the drafts to be submitted.

Actions to improve the Information, Feedback and Grievance Mechanism

The Mechanism incorporates regular activities to assess the improvements that can be incorporated in its design or functioning, and to facilitate a better access of the interested parties by broadening the institutional cover to other central and regional offices of the Ministry of the Environment or through the systematization of the most frequent actions filed. As of this date, there has been no active use of the mechanism, so it is expected that the next stage will be to address the issue of better communication and disclosure with the relevant stakeholders so that there are better elements for its subsequent improvement.

15. Benefit sharing arrangements

15.1. Description of benefit-sharing arrangements

Costa Rica is currently preparing the political and conceptual framework, as well as the legal elements required to guarantee an appropriate development and functioning of a Benefit Sharing Mechanism that complies with the principles of equity, justice and participation of the relevant stakeholders. The Mechanism will include potential investments in policies, actions and activities of the REDD+ National Strategy, including those of the Emission Reduction Program.

The Mechanism recognizes two main criteria for its functioning: 1) result-based payments received, from the compliance of requirements set forth in the COP of the United Nations Framework Convention on Climate Change and of the FCPF or any other donor, and 2) the distribution of benefits, responding to the sovereign decisions of the country, according to its legislation and national circumstances. For the reception of result-based payments, in the case of the FCPF and other similar mechanisms, it is necessary to have legal capacity for the transfer of titles of the emission reductions. For the purposes of the FCPF, it will be negotiated and agreed as part of the Commercial Conditions of the Emission Reduction Payments with the World Bank.

On the distribution of benefits, the country has defined that it should be addressed to public and private owners, including indigenous peoples as communal owners, with special attention but not exclusively to people with property or possession rights that can be verified and developing actions directly linked to the measurements to generate emission reductions. Taking this into consideration, the Mechanism would fund the actions that directly or indirectly support national efforts on reducing emissions coming from:

- Public owners of Protected Wildlife Areas or areas which are part of the State Natural Heritage managed by the Ministry of the Environment and Energy.
- Other government institutions that own forested lands.
- Private owners or possessors of lands with agreements previously signed.
- Communal land owners (i.e. indigenous lands)

Costa Rica has not defined yet the monitoring type, scale, criteria, processes, terms and mechanisms for the distribution of benefits, although it is expected that a significant amount of the resources will be distributed among private and communal owners, particularly through strengthening the Environmental Services Payment program, in which case the regulations are applied according to the national legal framework, in special the Procedural Manual of the program. Before the signing of the Emission Reduction Payment Agreement, the country will submit to the FCPF Carbon Fund a Benefit Sharing Plan.

In this regard, it is worthwhile to note the difficulty to define the volume and types of resources allocation through the Benefits distribution mechanism in advance, in a situation like the present, where is unpredictable the volume and conditions of receipt of potential payments for results. To act in a contrary manner could lead to legal and political responsibilities to the authorities, in particular before potential beneficiaries.

Considering this, it is possible to anticipate that a significant proportion of the resources to be received as REDD+ result-based payments will be managed by public institutions. It will be aligned with the applicable legal framework for resource management by public entities, including the principles of transparency, accountability to competent comptroller entities, in particular the Ministry of Finance and the Comptroller's

Office of the Republic. Likewise, these provisions would be applicable to those non-government institutions that receive public funds.

Some considerations been considered in the early design of the Mechanism have identified the intention of financing the beneficiaries who directly contribute with the implementation of the policies, actions and activities that address the drivers of deforestation and degradation.

In the case of the Emission Reduction Program, the Benefit Sharing Mechanism would work by using the following financing programs, based on the valid legal framework and on the recommendations from actors and sectors involved in the information and pre-consultation process of the REDD+ strategy:

- **Strengthening the Payment for Environmental Services Program** in all its modalities, including possible new modalities (i.e. payment for specialized environmental service for indigenous and peasant lands and a payment for environmental services to public institutions⁸²). Currently, the Payment for Environmental Services program includes the modalities of forest conservation, sustainable management of forest and carbon stocks enhancements through reforestation and the planting of trees in agro-forestry systems that can obtain any of the 16 specific modalities set in the respective operation regulations of the program. From the technical and political perspective of the program, the Payment for Environmental Services program is based on the identification of criteria that allow the prioritization of investments, following both ecological and socio-economic criteria. From the ecological point of view, the priorities are defined mainly by the need of protecting lands located in biological corridors and in sites where conservation gaps have been identified by studies that are updated on a regular basis. Other criteria consist on the importance of water conservation in the properties and of priority basins. From the socio-economical point of view, small and medium owners are privileged, in particular those located in the cantons with lower Human Development. The program will continue supporting the achievement of other environmental benefits such as water conservation, the protection of biodiversity and the maintenance of landscape beauty.
- **Design of new modalities or financial schemes⁸³** to address the needs and particular characteristics of population segments showing difficulty to comply with the requirements of the Payment for Environmental Services program. In particular, the new modalities or schemes are addressed to small producers and peasants, so that entrepreneurship is promoted as well as the silvicultural and business efficiency of all the production value-chain in the forest sector.
- **Identification of monetary and non-monetary investment opportunities** to promote and increase the participation of other relevant stakeholders in the implementation of policies, actions and activities of REDD+. This includes communal actions, participative mechanisms to address deforestation drivers and the strengthening of organization capacities of local communities and indigenous lands.
- **Strengthening of investments in public lands** and identification of financing mechanisms to promote or broaden the participation of competent entities in the implementation of a variety of investments, both monetary and non-monetary. The foregoing, to contribute with achieving the goals and purposes of the REDD+ National Strategy and including the strengthening of the existing mechanisms such as the Forestry Fund, the Fund for Sustainable Biodiversity of the Ministry of the

⁸² Still under analysis process in Costa Rica.

⁸³ These new modalities or schemes will be designed as necessary, and considering their political and financial feasibility.

Environment and Energy or the program of Environmental Benefits Recognition of the Ministry of Agriculture and Cattle Farming.

15.2. Summary of the process of designing the benefit-sharing arrangements

Benefit Sharing is one of the more relevant elements derived from the information and pre-consultation process of the National REDD+ Strategy. The initial proposals of the Emission Reduction Program ([ER-PIN](#)) were in a large extent centered in broadening the cover of the Payment for Environmental Services program. Many representatives of the relevant stakeholders were concerned for the possible exclusion of some segments of the population, which are unable to comply with the legal and technical requirements of the program. These population segments include the poorest persons and those without consolidated tenure rights over lands, as well as small owners with less than two forest hectares (i.e. minimum area required to enter into the program). Another limitation of the Payment for Environmental Services program is the recognition of only four environmental services in the Forestry Law in force. It excludes other benefits such as sustainable land management and environmentally sound productive practices and/or oriented to emission reductions.

Indigenous peoples stated their concerns related to the lack of clarification of ownership rights and the presence of non-indigenous population in their lands. Other restrictions identified were the impossibility of exercising their cultural practices in the management of forest resources and biodiversity. These restrictions are originated on the Forestry Law and in the contracts of the Payment for Environmental Services program.

Participative process to define additional needs in the distribution of benefits

During the initial consultation stages, small forest producers and the indigenous peoples started dialogues with the Government to explore the possibility of new financing modalities. These new modalities would be adapted to the specific needs and concerns of both population groups and would be aimed to defeating the current restrictions posed by the Payment for Environmental Services Program. The proposal of the indigenous lands highlights the need of defining investment plans of the resources to be obtained for their contributions to REDD+ policies and actions according to investment priorities previously identified in several areas including environmental, infrastructure, telecommunications, health, culture, etc. However, not any financing proposal responding to new modalities will necessarily comply with the basic requirements of quality and control consistent with the applicable legislation on public resource management.

Payment for environmental services to small forestry producers

Its conception started during the Social and Environmental Strategic Assessment and would consider the socio-economic and environmental conditions of the sector, in order to reduce poverty, and to present an additional option to rural development. Facilitated by a consultant selected by the sector representatives, a series of regional workshops was organized to identify the main elements of the new financing mechanism. A total of 202 participants, in 5 different regions of the country were part of the process (134 males and 68 females). This sample represents a wide variety of relevant stakeholders (i.e. local associations for water management, local development associations, producers associations and agricultural cooperatives, assistance centers, unions, private foundations, government institutions and other technical assistance entities). As a result, a proposal was received that will be subject of feasibility, political and technical analysis, as well as the assessment of financial and operational implications. Through the Emission Reduction Program, the design activities of the mechanism proposal will receive follow-up and political dialogue will be promoted in order to design a mechanism that results satisfactory to the sector.

Payment for environmental services to indigenous lands

Its conception starts with the early REDD+ dialogue with the indigenous peoples and has continues up to date. The representatives of indigenous territories and the Indigenous Development Associations, with the facilitation of an indigenous consultant, participate in a permanent dialogue to identify the main characteristics of the new financing mechanism. The process has been widely promoted by the representatives of indigenous peoples. The REDD+ Secretariat will assess the necessary steps to identify the

potential legal, operational and financial implications of the mechanism, and of the need of increasing the currently dialogues with the goal of integrating the results into the Benefit Sharing Mechanism of the Emission Reduction Program. A specific proposal of Payments for Environmental Services has been developed for the indigenous lands that results from the internal process in the lands, and therefore it is culturally appropriate. During the second stage of dialogue, the technical, administrative, financial and legal implications of the mechanism proposal must be analyzed, in order to guarantee consistency with the current legal framework.

Payment for environmental services to public institutions

Beyond the current of REDD+ readiness process, it is necessary to develop an assessment to determine its feasibility. A first analysis stage is the inventory and cadaster of public lands in the State Natural Heritage, but also of those lands managed by public institutions not yet transferred to the Heritage. A specific modality of payment for environmental services to institutions could be an option.

15.3. Description of the legal context of the benefit-sharing arrangements

Compliance of applicable laws, including the international conventions and agreements and customary law

The investments of results-based payments from the Emission Reduction Payment Agreement with the Carbon Fund of the World Bank will take place according to the legislation in force, including international rules and customary rights formally recognized by the national legal system. The Payment for Environmental Services program is an instrument covered by the Forestry Law, with 18 years of effective application and has received public and private investments. The program covers private and communal owners of lands, but excludes public lands. Additionally, the Forest Fund and the Fund for Sustainable Biodiversity and institutions covered by the legislation in force that could include a wide variety of investments related to the implementation of the Emission Reduction Program

It is forecasted that additional arrangements will be needed to incorporate new financing modalities into the legal framework in force. However, such considerations will depend on the results of the analysis and dialogues pending development during the continuation of the readiness stage.

16. Non Carbon Benefits

16.1. Outline of potential Non-Carbon Benefits and identification of Priority Non-Carbon Benefits

Prioritization of the Program's non-carbon benefits

Non-carbon benefits have been discussed with all stakeholders involved in the REDD+ process, during the SESA workshop held in May, 2011. These non-carbon benefits are identified from the different strategic options identified in the R-PP, in which the positive impacts of its implementation were highlighted, however, additional work is required to define priorities, assessment and forms of recognition thereof, to be more explicit, during the SESA consultations, in which the representatives of all relevant stakeholders participated, two different templates were used: one focusing on risks and another one dealing with political, social and environmental benefits. All the Strategic Options proposed in the R-PP were subject to a general discussion among participants and a broad range of suggestions were collected and included in the SESA workshop report and proceedings⁸⁴. Most of the recommendations addressed non-carbon benefits.

Generally speaking in the SESA, the majority of participants identified environmental benefits related to the potential of the program to enhance capacities to maintain and improve ecosystem services and natural resources; mainly the environmental services generated in the Payment for Environmental Services Scheme (water protection, biodiversity protection, landscape beauty improved resilience of forestry ecosystems against climate change; reducing risks of deforestation by addressing land-tenure rights; increased financial flows for forests and protected areas conservation; improved natural heritage planning; improved capacities to address commitments deriving from international frameworks; widening stakeholders participation in natural resources management; additional sources of employment and income; enhanced forest governance; enhanced law-enforcement capacities; improved capacities to manage forest-fires; etc. Clearly, the consultation process and its methodological organization implied to assess both, potential risks and benefits, including non-carbon benefits. In this regard, the policies, measures and activities included in this ER-P are consistent with the above.

The environmental services recognized by the Payment for Environmental Services program, as the provisions of the applicable Forestry Law are:

1. GHG mitigation (benefit)
2. Water protection (co-benefit)
3. Biodiversity conservation (co-benefit)
4. Landscape beauty (co-benefit)

There are multiple environmental benefits at a series of scales in Protected Wildlife Areas. For instance, the conservation of biodiversity, the protection of water resources, the contribution to biological connectivity, the protection of volcanic areas, the prevention of fires, the conservation of lands in marine-coastal areas. All these co-benefits contribute to increase resilience before climate change, both of ecosystems and of communities. These same environmental services are promoted through the Payments for Environmental Services program in private lands.

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 decide in a meeting the destiny given to the resources received, and in many cases they are invested in education,

⁸⁴ MINAE-FONAFIFO. Memoria del Taller Nacional Evaluación Estratégica Ambiental y Social. San Jose, 4-5 mayo 2011. See Pag. 30.

health, infrastructure improvements such as roads and bridges, etc. It is not the same case with private owners, who individually decide the destiny of the payments received.

To the extent that the ER-P has been designed on the basis of current legal and policy frameworks, the primary co-benefits of the Emission Reduction Program have been defined by the current legal framework in Costa Rica and they correspond to those generated in the Protected Wildlife Areas System, in forest lands part of the State Natural Heritage and in the Payment for Environmental Services program. Specifically for the Payment for Environmental Services Program, there are three main co-beneficiaries: landscape beauty, conservation of biodiversity and water protection; however, the environmental service of land conservation derived from the Land Conservation Law and the social and environmental benefits derived from implementing the Payment for Environmental Services program in indigenous lands and local communities are recognized also.

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. Additionally, they promote productive activities in the sector 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.

Improvement of co-benefits during the implementation of the Program

The conservation of primary forests and the increase of forest cover in country will have a positive effect in other environmental, social and economic co-benefits of the populations linked to the Emission Reduction Program activities and the country in general. As a whole, the Program looks to promote co-benefits to improve resilience of the ecosystems and of the populations dependent on forests before climate change. The prioritization criteria of investments in the Payment for Environmental Services program are still centered on two main pillars: a) the protection of the forest zones in areas where biodiversity conservation gaps have been identified, and b) in areas where it is necessary to improve the biological connectivity between Protected Wildlife Areas. Additionally, the program privileges water resource protection zones, fundamental for biodiversity and communities

Besides, the ER-P proposes an increase in the Payment for Environmental Services coverage with activities that covers from the establishment of forestry plantations up to the farm reorganization or even a new payment mechanism, customized for each sector such as de Payment for Environmental Services for Indigenous Communities and the Payment for Environmental Services for small agroforestry producers. All of these with the aim to develop actions that lead to more productive landscapes with a diversity of activities, which means work opportunities in the rural area and an enhancement in the producer's farm economy ,

Description of how non-carbon benefits are culturally appropriate, take the gender scope into account and are inclusive in intergenerational terms

During the pre-consultation stage, the relevant stakeholders identified potential positive impacts or co-benefits that can derive from the implementation of REDD+. All of this was undertaken as part of a series of meetings and workshops in which the indigenous people as well as the small and medium agroforestry producers have validated the non-carbon benefits identified during the SESA workshop, as well as others included as a result of the local discussions with the stakeholders.. Most of the positive impacts highlight the improvement that broadening sustainable management activities of forest resources resulting from REDD+ might mean in the maintenance and improvement of the country natural heritage in a wide sense, addressing different dimensions of the national environmental policies, including the conservation of biodiversity and of water resources, stop land erosion, improve the integrity of Protected Wildlife Areas, the

restoration of landscapes, etc. The co-benefits related to the potential broadening of the financing mechanisms beyond PES were also mentioned, that can play a significant role for the better distribution of richness and contribute to the improvement of life quality in rural populations such as indigenous peoples and small peasants. The participation of the population in general in actions towards a better recognition of the virtues of sustainable environmental practices, including the possibility to increase their participation in control and protection actions of natural resources and fire management, the generation of additional work sources in rural areas and improved access to resources according to their traditional use, particularly in indigenous lands.

Additionally, the relevant stakeholders highlighted the potential that REDD+ has to contribute in solving or mitigate problems derived from lack of land tenure right regularization in several areas of the country, in particular in indigenous lands and in lands under special regimes, without ignoring the need of strengthening institutional capacities in several areas, both governmental and non-governmental, allowing the State to provide better services to citizenship and to accompany them in their efforts, and to assist in the generation of capacities in social sectors, control organizations and communal and private groups that will be key players in the broadening of the REDD+ activities, so the national goals are achieved.

The better valuation of the forest and the creation of new or more inclusive compensation mechanisms through the recognition of environmental services and similar may have a positive impact in the reduction of migratory processes, especially of young populations, towards urban centers, most of the times looking for better work and income conditions, which weakens the traditional peasant family structure and that promotes abandonment of the production culture. The improvement of socio-economic benefits of the rural producers contributes to maintaining peasant family integration and the intergenerational transfer of rights and of productive culture, which is also applicable to indigenous communities.

Regarding gender inclusiveness in the co-benefits of the program, some pilot experiences have been developed, especially in indigenous communities that will be used as referent to broaden efforts in other socio-economic realities in country. In this sense, the development of a gender strategy is conceived for the second stage of the readiness phase, in order to guarantee that the strategy and the Emissions Reduction Program incorporate this dimension as a transversal axis.

16.2. Approach for providing information on Priority Non-Carbon Benefits

The country has a long-lasting tradition to address environmental benefits in an integral manner, including the legal framework provided in the Forestry Law when defining the concept of “environmental services” (Law 7575, 1996) that includes both carbon and non-carbon benefits.

The Payment for Environmental Services Program, counts with a series of prioritization criteria for each of the modalities that it promotes, which are found geo-specially explicit for environmental and social issues such as drinking water aquifers, biological corridors, cities with low social development index, indigenous territories among others. All of this will be considered as part of the process that will be developed for the no carbon benefit monitoring.

The National System for Conservation Areas has promoted since May, 2004 a Proposal for Territorial Planning for the Conservation of Biodiversity in Costa Rica⁸⁵; the initiative has had the support and cooperation of prestigious national and international organizations and projects.⁸⁶ This initiative has

⁸⁵ Also called Project GRUAS II.

⁸⁶ i.e. National Biodiversity Institute, The Nature Conservancy, Conservation International, the National Fund of Forest Financing and the project Forest Conservation and Sustainable Development in Buffer Zones in the North Caribbean of Costa Rica.

produced two fundamental products for the definition of biodiversity conservation national strategies and to define investment prioritization criteria through the payment for environmental services program: analysis of conservation gaps and need for connectivity trails. The gaps are areas considered important for the conservation of biophysical environments and that are not under any effective conservation initiative yet, either public or private. The identification of the areas with gaps is associated to the need of maintaining representative samples of the natural environments biodiversity in the country and the conservation goals defined for each case, which is specified in the methodology of the Proposal. In addition to the conservation gaps, the Proposal analyses the connectivity at the national level in which lower cost trails are suggested to establish biological corridors, considering that the alteration of the surface and the presence of human activity impose different difficulty levels for the displacement of plants or animals species or species groups from one place to another, depending on the type of alteration or human intervention in each place.

Based on the analyses derived from the Proposal, the parameters are set to determine the investment priorities of the Payment for Environmental Services program, given that the resources available are not sufficient as to attend all the demand. The main goal of the Payment for Environmental Services Program is investing in areas where diversity conservation gaps have been identified and attend the biological connectivity requirements amongst Protected Wildlife Areas in country, and to privilege the assignment of Payments for Environmental Services to those lands in Protected Wildlife Areas that have not been paid by the State and that are subject to use restrictions. In summary, the criteria are not exclusively carbon; there is a special emphasis given to social and environmental co-benefits.

Since in the case of Payment for Environmental Services three environmental services are incorporated in addition to the carbon benefits and that this mechanism will be used as the main axis of the Emission Reduction Program, Costa Rica will provide regular information on the generation or improvement of non-carbon benefits through the mechanisms agreed, as produced with the existing monitoring information systems of the Payments for Environmental Services program.

The development of a specific monitoring system of non-carbon benefits has not been completed as of this date; however, it must be mentioned that at the moment, the National Fund for Forest Financing will continue applying its management systems of the Payment for Environmental Services program for those purposes. With resources of the Ecomercados II project, the identification of more specific indicators was begun by the National Biodiversity Institute, but its application costs at the level of property are extremely high. It is expected that in the following stages some indicators will be developed to be incorporated into the monitoring system (**Section 9**) that are appropriate and that may be used as part of the national system of environmental indicators. Other relevant elements to non-carbon benefits will be derived from the monitoring system to be applied to the overall ER-P, including by producing a special Annex to report on non-carbon benefits.

It's important to mention that REDD+ National Strategy has four different mechanisms that can provide information on how the non carbon benefits are enhanced through the ER-P. These mechanisms are mentioned as follows:

- 1) Grievance Redress Mechanism: by this system the stakeholders may carry out the consultations and/or inquiries regarding how the REDD+ National Strategy is been implemented. It has a national scope.
- 2) National System of Environmental Information, which will house the SIS. It should have indicators that report not only on Cancun Safeguards, but also on the World Banks, Operational Policies'
- 3) Government Structures proposed for REDD+ implementation with a follow up Committee, conformed by the stakeholder's representatives that will look for the compliance of policies and activities established in the REDD+ Strategy.

- 4) Costa Rica has a Ministerial Guideline in which the National Center for Geoenvironmental Information (CENIGA) is enabled to coordinate the Ecosystems and Land Use Change National Monitoring System in which the follow up mechanisms for REDD+ Strategy are established. (MRV, Safeguards, among others).

17. Title to emission reductions

17.1. Authorization of the ER Program

Name of entity	Ministry of the Environment and Energy
Main contact person	Dr. Edgar Gutierrez-Espeleta
Title	Minister
Address	Vista Palace building, Street 25. Avenues 8 and 10, San José, Costa Rica
Telephone	+506-22334533
Email	ministrominae@minaet.go.cr
Website	www.minae.go.cr
Reference to the decree, law or other type of decision that identified this entity as the national authority on REDD+ that can approve ER Programs	The appointment of Dr. Edgar Gutiérrez Espeleta was issued by agreement N° 001-P, of May 8, 2014, issued by the Presidency of the Republic. The Minister of Environment and Energy is entitled to contracts or agreements on behalf of his Ministry, per the Political Constitution and the General Law of Public Administration of 5/2/78.

17.2. Transfer of Title to ERs

Legal considerations for the transfer of titles to emission reductions

In the context of a restrictive interpretation of emissions reduction and its recognition at the national level on the basis of land property rights, emission reduction from deforestation and increasing of sinks through the regeneration of forests is done by the forest owners, either a natural or a legal person, and this is based on the Costa Rican legislation, the Constitutional principle on private property reflected in article 45, developed in the common and special legislation related to the payment for environmental services set forth in articles 3 paragraph k) and 46 and 47 of the Forestry Law in force. Under this condition as owners, and in the exercise of their dominion competencies, they will transfer the Ministry of Environment and Energy the capacity to claim or negotiate over their rights to emission reductions. **This initial interpretation is being analyzed in the country in order to allow identifying other ways of applying the concept to allow greater equity and inclusiveness in the claiming and distribution of benefits based on result-based payments. In this regard, the relevant provisions of the UNFCCC on the issue of transfer of titles are being analyzed in depth, because in principle there does not seem to be an explicit provision in this direction.**

Therefore, the competent entity to exercise the claim and transfer of titles for emission reduction will be, according to the Forestry Law and the Biodiversity Law, the State Forestry Administration. As set forth in article 5 of the Forestry Law, the institution in charge is the Ministry of the Environment and Energy and its two competent offices per the Regulations to Forestry Law, Executive Decree 25721-MINAE are the National Fund for Forest Financing and the National System of Conservation Areas. In this regard, we must promptly comply with the procedure for defining the Focal Point or Designated National Authority for these effects to the UNFCCC.

This way, the State Forestry Administration will be entitled to transfer titles of emission reductions, in the following cases: a) as owner of the emission reductions produced in Protected Wildlife Areas; b) in private

lands by virtue of titles derived from the assignment of rights on environmental services agreements⁸⁷ either in PES agreements or other similar; c) in lands owned by the State institutions and national reserves; and d) in indigenous lands that have granted right assignments through payment for environmental services agreements. If finally the appropriate and flexible legal mechanisms are identified, these powers could be expanded considerably, particularly in those cases where emission reductions cannot be attributed to any particular person.

Plan for transferring titles to the Carbon Fund and implications of land tenure regimes and resources

Considering that in Costa Rica the Emission Reduction Program is country-wide, the Entity of the Program can only transfer the titles of emission reductions taking place in public lands and in the case of private lands (owners inside or outside of indigenous lands) are those that through an agreement or any other legal instrument have legally assigned the title to emission reductions. For this reason, the Entity of the Program will not be able to show the capacity of transferring the title on the total accounting area⁸⁸ if the above mentioned restrictive interpretation prevails.

In principle, the percentage of national territory in which a transfer of title of emission reductions would be possible is 32,2% (1.645.173 hectares). This includes 1.332.677 (26%) hectares in Protected Wildlife Areas, 299.720 hectares (6%) under forest conservation of the Payment for Environmental Services program and 12.776 hectares (0,2%) under forest regeneration of the same program. Without prejudice of the foregoing, the executing entity of this project reserves the right of including in the program area other areas outside of the ones described, as long as they are incorporated by means of an agreement of payment for environmental services and another similar to that with its legitimate owners.

Identified conflicts on tenure regarding the transfer of title

Regarding land tenure and non-recorded rights, there are some problems related to lands under the administration of State institutions, as the case of lands managed by the Port Management and Economic Development Board of the Atlantic Coast, the border zone, the title projects of the Rural Development Institute⁸⁹ and the possession rights of lands considered State Natural Heritage such as the Maritime-Terrestrial Zone. In these cases, the legislation in force is uncertain regarding the right of title on behalf of their possessors. These situations have taken place because specific heritage has been attributed to some institutions without previously analyzing land tenure, those lands have been occupied by private parties or there has been tolerance of the State and lack of knowledge of the civil society on the legislation in force.

The potential solution of these conflicts will depend on the nature of the negotiations set for the payment of results verified within the National REDD+ Strategy and the Emission Reduction Program (i.e. flexibility level set in the general and commercial terms of the Payment for Emission Reduction Agreement within the framework of the FCPF Carbon Fund). The experience in country through the Payment for Environmental Services program has shown that most of these tenure conflicts cannot be solved at the administrative level and it has been necessary to go to the judiciary. Other conflicts require solution at the legislative level.

Related to the foregoing, there are two implications. In the first one, the properties show no legal conflict, in which case the assessment of their condition will lead to the approval of their participation in the program,

⁸⁷ Like the rights assignment that takes place through an agreement between the land owner and the National Fund of Forest Financing, in order to transfer the rights on environmental services during the duration of the agreement. For instance, clause sixth of the forest protection agreement for the Payment for Environmental Services program waives that the National Fund for Forest Financing be expressly entitled to commercialize in any way and with any person, natural or legal, national or international, regarding the rights assigned.

⁸⁸ See indicator 36.3 of the Carbon Fund Methodological Framework

⁸⁹ Previously Agrarian Development Institute

with no obstacles for the transfer of title, which are the most. In the second case, the properties do show conflicts related to land tenure, which will also have implications, since in these cases the owners do not have sufficient support accrediting their right and therefore it is not possible to legally execute the transfer of title, and for that reason they will not be included in the Program.

Measurements that would be defined to enable the transfer of titles on areas with difficulties

For private areas outside of the Payment for Environmental Services program, Costa Rica will develop legal mechanisms for the assignment of rights, if so decided by private owners. The ongoing legal study will determine the options for this effect, which will be operational prior to a transfer to the FCPF Carbon Fund. In case of lands under legal dispute, the Emission Reduction Program will support the measurement as possible.

Environmental integrity of emission reductions

Due to the fact that the Carbon Fund requires of the transfer of title of emission reductions, and in case Costa Rica incurs in a transfer to the World Bank, it will only be for single emission reductions not used for other purposes, such as the recognition of payments resulting from REDD+ through bilateral or multilateral agreements, the Costa Rican Carbon Domestic Market or other mitigation initiative, such as the nationally appropriate mitigation actions in course. However, the emission reductions will be reflected in the GHG national inventory and might be considered for the proposal of the national determined international contributions.

18. Data management and registry systems

The country has not yet specifically defined how it will operate the Registry of emission reductions resulting from the implementation of the National REDD+ Strategy, so as to ensure transparency and confidence that there will be no double counting and no double charging of such reductions as a result of the existence of several initiatives linked to both existing market mechanisms at national level (PES and other similar domestic market) as voluntary initiatives or those regulated internationally. However, Costa Rica has assumed responsibility for all information systems and registries in this area to fully comply with criteria of robustness, transparency and sufficient reliability to properly meet the requirements of environmental integrity.

In that sense, it is working on the design of a national registry system that addresses the needs to adequately monitor reductions resulting from actions to be implemented in various sectors in accordance with the National Climate Change Strategy, efforts that are related thereto with the functioning of a national carbon market as an instrument to strengthen the country's capacity to progress in achieving the goal of carbon-neutrality.

Clearly one of the objectives of the national registry is to articulate, standardize and ensure coherence and consistency between different existing information management systems (e.g. FONAFIFO PES database, databases of the Department of Climate Change on national carbon markets, SINAC forest inventories, etc.) with international requirements, including commitments that the country will take to the UNFCCC on nationally defined contribution (INDC). In this context, the Registry of emission reductions for REDD+ is expected to be a module that feeds the national registry. Similarly, all efforts made in the agricultural sector (NAMAs) and have synergies with forest emissions reductions should be promptly clarified and regulated so as to avoid any risk of double counting.

18.1. Participation under other GHG initiatives

Other transfers or transfer plans of emission reductions and other GHG mitigation initiatives

Costa Rica has the project "[Carbon Sequestration in Small and Medium Farms in the Brunca Region, Costa Rica](#)", recorded in the United Nations Framework Convention on Climate Change within the Clean Development Mechanism, which is producing emission reductions with afforestation/reforestation activities. This project is expected to generate a total emission reductions of 176.050 t CO₂e in a 20 year term, or 8.803 t CO₂e per year, in an area of 892,42 hectares during period 2006-2026.

In relation to the aforementioned project, Costa Rica has transferred to the Clean Development Mechanism of the CER in serial rank [CR-6-961312-1-1-1-7572](#) al [CR-6-984395-1-1-1-7572](#), according to the [monitoring report](#) of August 2006 through December 2012.

This is the only project formally recorded under the Convention or other official entity. At this time, the Emission Reduction Program does not contemplate the 892,42 hectares included in the project nor the 176.050 t CO₂e produced up to 2012. Due to the scope of the reference level presented to the Carbon Fund, this is a double-accounting, which will be solved once the reference level is recalculated based on the results of the GHG national inventory presented in the framework of the first Updated Biannual Report before the Convention. As mentioned in **Section 8**, the gas inventory will be complete by October 31, 2015.

18.2. Data management and Registry systems to avoid multiple claims to ERs

Existing records applicable to REDD+

Currently, the Payment for Environmental Services program keeps full record of all properties that have formalized an agreement with FONAFIFO. The information maintained in this registry complies with the requirements set forth in Indicator 37.2, i, ii, not including aspects related to carbon reservoirs and the reference level, however, said records can be adjusted including the information missing in order to record the REDD+ projects.

Another important registrar for REDD+ is the State National Heritage registrar. The National System of Conservation Areas attends and guarantees that the legal provisions issued in the Environment Organic Law, the Forestry Law, the Biodiversity Law on acquisitions, management and administration of lands of the State Natural Heritage within Protected Wildlife Areas be executed under technical, administrative and legal principles and procedures in force.

As of this date there is no Registry of Transactions; however, it is completely necessary to develop it, since it has been defined it will be a country registry centralized in the Climate Change Office, that will comply with all the requirements of transparency and traceability necessary and that must be designed including all the sectors that take part in emission reductions such as energy, industry and forestry.

However, it must be mentioned that in relation to the Domestic Carbon Market, there is an ongoing successful experience operated by FONAFIFO and in coordination with the Climate Change Office, Costa Rica is in the process of designing a national registry of emission reductions to comply with the registration requirements of the Domestic Carbon Market. The registry is expected to be applicable to REDD+ as well.

Arrangements to avoid multiple claims to emission reduction titles

The country reports its emission reductions and mitigation impacts in the Biennial Update Report before the Convention. Both emissions and absorptions in the GHG inventory are reported there transparently and complete, as well as the progress made by the country in reducing emissions in all sectors. This includes the AFOLU sector and the results obtained in the implementation of REDD+. Since the Update Biennial Report is presented every 2 years, it will be possible to report before the Carbon Fund with the same periodicity until 2050 or upon the conclusion of the Payment for Emission Reduction Agreement.

Program Management System and Project Data

Costa Rica does not have an integrated program and project management system; each institution involved in the REDD+ program must construct the registrar for its own programs and projects. In this sense, the forestry sector already has a registrar for the Payment for Environmental Services Program kept by FONAFIFO and that includes information on all the properties that have formalized an agreement with the institution. This registrar includes the registration data of the property, cadastral plan officially recorded at the national cadaster, owner's name that can be a natural or legal person, the political-administrative location, the property total area and the effective area on which the agreement was executed; there is also a geo-referenced digital file of the property based on FONAFIFO's geo-spatial database. Since 1997, the program has registered over 14,713 agreements with an area of 1,052,867 hectares, in addition to the payment for the establishment of over 6,015,710 trees in agro-forestry systems. There is also the registrar of the State Natural Heritage, related to the management and protection of Protected Wildlife Areas. In addition to those, as part of the management of the National System of Conservation Areas (SINAC), all actions responding to the different forest protection and management programs are registered and receive follow-up; these include the actions related to fire prevention and control and illegal clearing.

According to indicator 37.1. of the Methodological Framework of the Carbon Fund and the national circumstances, Costa Rica will use the Biennial Update Report as a program and data management system of the project, as defined above. The transparency and formality with which the Convention is informed is sufficient to assure the Carbon Fund on the emission reductions transferred or managed and of the ongoing projects and programs in country. It is important to highlight the commitment the country has to guarantee environmental integrity and to avoid double-accounting.

The Biennial Update Report provides information on the entity producing the emission reductions, the geographical field of these emission reductions, the methods and assumptions of accounting and the reference level used, in compliance with indicator 37.2. Likewise, the Biennial Update Report is a public document and follows indicator 37.3. Finally, since the Biennial Update Report is subject to revision

processes by the Secretariat through International Consultation and Analysis within the framework of the Convention, there is compliance of indicator 37.4.

These considerations are both to comply with the requirements of a program and data management system of the project, and for the registration of emission reductions, in compliance with criterion 38.

Annex 1: Financial Projections Table for ER-PD

This Annex provides the financial projections for Costa Rica's REDD+ Program using the inputs detailed in the "Costa Rica REDD+ Financial Plan Methods and Detailed Inputs" document which has sensitive information and has provided confidentially to the government of Costa Rica and Carbon Fund/World Bank.

The budgets prior to 2015 are incomplete.

Chart A1. Financial projections of the Emission Reduction Program.

SUMMARY FINANCIALS (USD)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROGRAM	7 Yr	8 Yr	9 Yr	10 Yr	11 Yr	12 Yr	13 Yr	14 Yr	15 Yr	16 Yr
Tons Available for Sale (Net*) - by Vintage	-	-	538,405	-	1,076,810	-	1,076,810	-	1,076,810	-
Verification Years	-	-	V	-	V	-	V	-	V	-
Tons Available for Sale (Net*) - per Verification	-	-	538,405	-	1,076,810	-	1,076,810	-	1,076,810	-
ER PROGRAM CASH FLOW OUT										
REDD+ Program Management Costs										
Staffing Costs	\$136,801	\$107,319	\$112,685	\$118,319	\$124,235	\$130,446	\$136,969	\$143,817	\$151,008	\$158,558
Key Consultancies and Studies	\$233,333	\$233,333	\$153,333							
Travel for Program Management	\$30,240	\$30,220	\$29,560	\$29,560	\$29,560	\$29,560	\$29,560	\$29,560	\$29,560	\$29,560
Stakeholder Engagement	\$279,149	\$231,164	\$292,474	\$292,584	\$293,994	\$294,004	\$294,904	\$294,004	\$543,404	\$543,404
Safeguards Monitoring	\$477,240	\$111,090	\$116,645	\$122,477	\$128,601	\$135,031	\$141,782	\$148,871	\$156,315	\$164,131
Grievance and Redress	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820	\$53,820
Benefits Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emission Reduction Quantification, Verification and Is	\$1,341,000	\$105,000	\$1,341,000	\$105,000	\$1,341,000	\$105,000	\$1,341,000	\$105,000	\$1,341,000	\$105,000
Total REDD+ Program Management	\$2,551,583	\$871,946	\$2,099,516	\$721,759	\$1,971,209	\$747,861	\$1,998,035	\$775,072	\$2,275,107	\$1,054,473
REDD+ Program Measures										
FONAFIFO Payment of Environmental Services (PSA)	\$33,129,045	\$34,583,292	\$46,329,976	\$37,665,482	\$40,222,923	\$40,132,581	\$40,445,272	\$42,444,415	\$44,543,516	\$46,747,571
SINAC Increased Governance/Size of Protected Areas	\$79,156,032	\$87,071,636	\$95,778,799	\$105,356,679	\$115,892,347	\$119,369,117	\$122,950,191	\$126,638,697	\$130,437,858	\$134,350,993
TOTAL ER PROGRAM CASH FLOW OUT	\$114,836,661	\$122,526,873	\$144,208,291	\$143,743,920	\$158,086,479	\$160,249,559	\$165,393,498	\$169,858,184	\$177,256,480	\$182,153,037
Reference Price per ton	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
ER Sales to Carbon Fund	\$0	\$0	\$8,076,073	\$0	\$16,152,146	\$0	\$16,152,146	\$0	\$16,152,146	\$0
Sources of Funds to FONAFIFO	\$33,129,045	\$34,583,292	\$46,329,976	\$37,366,943	\$36,980,666	\$38,494,880	\$40,071,412	\$41,712,841	\$43,421,857	\$45,201,258
Sources of Funds to SINAC	\$76,303,798	\$82,408,102	\$89,000,751	\$96,120,811	\$103,810,475	\$106,924,790	\$110,132,533	\$113,436,509	\$116,839,605	\$120,344,793
Readiness Funds from World Bank	\$1,887,700	\$3,181,300	\$511,000							
Other - International Cooperation to SINAC	\$7,751,179									
TOTAL PROGRAM CASH FLOW IN	\$119,071,722	\$120,172,694	\$143,917,799	\$133,487,754	\$156,943,288	\$145,419,670	\$166,356,091	\$155,149,351	\$176,413,607	\$165,546,051
NET PROGRAM CASH FLOW (NPCF)	\$4,235,062	(\$2,354,179)	(\$290,492)	(\$10,256,167)	(\$1,143,191)	(\$14,829,889)	\$962,593	(\$14,708,834)	(\$842,873)	(\$16,606,987)
CASH BALANCE (CUMULATIVE NPCF LESS PAYOUTS)	\$4,235,062	\$1,880,883	\$1,590,391	(\$8,665,776)	(\$9,808,967)	(\$24,638,856)	(\$23,676,263)	(\$38,385,097)	(\$39,227,970)	(\$55,834,956)

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[Auto-evaluación](#) de las Relevant stakeholders
[Caso de estudio](#) por el Bank Information Center
[Datos y métodos para la construcción del nivel de referencia](#)
[Estrategia Nacional REDD+ \(versión 30/09/15 para consulta\)](#)
[Estudio de tenencia de la tierra](#)
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