

**ANNUAL REPORT BENEFIT –SHARING PLAN
REDUCTION EMISSION PROGRAM COSTA RICA PREPARED BY:
REDD+ SECRETARIAT 2025**

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Reduction Emission Program**

Costa Rica

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Information on the implementation of the Benefit-Sharing Plan

I. Requirements of FCPF on Benefit Sharing Plans

BSP Implementation Status Report is the primary tool for the Program Entity to provide evidence on whether the BSP has been implemented in accordance with the terms of the agreed BSP, in line with the relevant applicable laws, including national laws and any legally binding national obligations under relevant international law, and that such information is provided in a transparent manner. This requirement is specified in the FCPF Methodological Framework (Criterion 29-33) and in the General Conditions applicable to Emission Reductions Payment Agreement (ERPA), and in the ERPA itself.

The BSP Implementation Status Report should include core information and data that Program Entities are required to report, as specified in this template. Any additional information can be provided in an annex to the report depending on the specific content of the BSP. The Program Entity should submit the report six months after receiving the first payment and every year thereafter¹. The report will be considered valid and accepted only after all the core sections of the report using this template are filled with relevant details.

II. BSP Implementation Status

¹ The first **BSP Implementation Status Report** should be submitted six months after the Program Entity receives the first payment and every year thereafter (as of June 30). The Emission Reduction Monitoring Report (ERMR) can refer to the latest annual BSP Implementation Status Report before a payment is made (where this template will replace Annex 2 of the ERMR). Countries that are still undergoing their first reporting period validation and verification (and, therefore, haven't received a first payment yet) will continue to maintain Annex 2 to report on the **readiness** of the BSP.

From May 30, 2024, to May 30, 2025.	June 30, 2025

1. Overall fund disbursement: *[information below is extracted from the detailed excel Table 1 from Tab 2 prepared and submitted with this report]*

TABLE 1: SUMMARY OF THE FUNDS DISTRIBUTED BY THE PROGRAM ENTITY (PE) AS PER THE BSP (INCLUDES ADVANCE PAYMENTS)

Source of funds	Total commitment (contract value) (1)	Total received by PE - Payment 1 [1] (2)	Total received by PE - Payment 2 (3)	Total disbursed by PE (4)	% Disbursed (5) = (4)/((2)+(3))	Comments
FCPF ERPA	\$60 000 000.00	\$17 776 475.00	\$17 507 065.00	4 550 295.98	13%	

Note: [1] The amount of US 17,507,065 includes the 100,000 tCO2e sold to a third party, for which the distribution is the same as the FCPF's BSP. The amount corresponding to the adjustment received in the second payment for the 2018-2019 period was added to the amount of the first payment.

2. BSP revision²: were there any changes made to the BSP during the Reporting Period (as specified above in section II): Yes No

If **yes**, please explain what changes have been made, why, and how they were consulted with the stakeholders.

² Any revisions to the BSP whether major and/or minor changes should be documented in this report, and the revised BSP should be submitted to the World Bank including the FCPF Facility Management Team (FMT).

Regarding the update of the BSP, in November 2024, the World Bank and the Carbon Fund expressed their no-objection to the Benefit Sharing Plan (BSP) document submitted by the country. Subsequently, in February 2025, the document was published on the FCPF [website](#).

Among the main changes in the BSP, it is established that the execution of resources for the Strengthening Plan for the National System of Conservation Areas (SINAC) will be carried out through the BNCR–FONAFIFO Trust 544. This authorizes the trust to manage the resources from CO2 emission reductions, and enables it to work in conjunction with SINAC to ensure compliance with procedures and execution timelines. The modification maintains the initial general structure, with the Environmental Bank Foundation (FUNBAM) as the initial recipient of the payments and responsible for the monitoring and custody of the funds.

Another important aspect is that during the process, the need to establish an Executing Unit for the SINAC Strengthening Plan became evident, with the objective of guaranteeing effective and timely management and ensuring compliance with environmental and social safeguards. Accordingly, in December 2024, the [Specific Cooperation Agreement](#) was signed between the National System of Conservation Areas and the National Forestry Financing Fund for the execution of the Costa Rica REDD+ Results-Based Payments 2014-2015 Project. This agreement stipulates the creation of an Executing Unit, responsible for providing support to SINAC in the execution of the "SINAC Strengthening Plan." Another adjustment includes the Inclusive Sustainable Development Fund (FOINDES) and the Green Business Fund (FNV), expanding the scope and possibilities of these funds as important mechanisms for developing initiatives for women and projects to develop and support green business initiatives. The resources from these funds will be transferred to the BNCR Trust 544 for their execution and will be promoted through FONAFIFO's Forestry Development Directorate.

Furthermore, the use of reversal funds was proposed. In the event that these funds do not materialize, the resources may be used to support the operating and monitoring expenses of the REDD+ Secretariat, given the extension of the Emission Reductions Payment Agreement until 2028.

Regarding the consultation process, it is important to clarify that consultations were held with the institutions involved in these changes—SINAC, FONAFIFO, and the Environmental Bank Foundation (FUNBAM) as the entity administering the resources of the Emission Reduction Program (ERP)—to confirm that all parties were in agreement with the required changes. The official letters of approval from each institution, stating their agreement with the changes, can be found in Annex 3 of the BSP.

A relevant topic to mention is the negotiation process undertaken by the Government of Costa Rica with the World Bank to extend the closing period of the ERPA to 2028. As indicated in the previous report, the closing date for the Emission Reduction Program established in the ERPA is December 31, 2024. However, Costa Rica's final emission reduction monitoring report covers the years 2022 to 2024, and due to methodological issues, its preparation begins in late 2025. This implies that its submission and validation will occur in 2026, and the resources

from this monitoring event would, in a best-case scenario, be received in early 2027. Given that this event represents the largest amount of financial resources for each component of the BSP, the implementation and monitoring of these resources extend beyond 2024. During the WB mission on May 29, 2025, it was reported that a draft ERPA is being developed. Certain aspects regarding this ERPA modification were also reviewed.

Finally, it is worth mentioning that the Carbon Fund Participants Committee gave countries the option to monetize potential surplus Emission Reductions (ERs) that the country has generated for the second monitoring period, once validated and verified by the FCPF. Therefore, the country sent a request to the Carbon Fund committee for the release of the additional volumes of ERs. In response to the note, they accepted the release of a limited number of ER units so that the country could explore market mechanisms through an auction or direct sale. Costa Rica successfully sold 100,000 tonnes of CO₂e, which it placed via a direct sale to Emergent, generating 1.3 million dollars.

3. Overall summary of the BSP implementation during the reporting period.

Please include a brief overview of the status of BSP implementation. Detailed information can be included in an annex to this report. Please avoid repeating the same information from the BSP and provide links to external documents when possible.

3.1 . Have there been any challenges faced in the distribution of funds to beneficiaries? If yes, please describe them and how they will or have been addressed.

In the previous period's report, it was indicated that one of the main challenges in implementing the Benefit Sharing Plan (BSP) was the execution of the SINAC Strengthening Plan. This challenge was primarily due to the methodology used in its development and the institution's administrative capacity to effectively manage the funds received from the ERPA.

However, starting in the 2025 period, with the approval of the changes to the BSP, the Executing Unit was successfully established and implemented, and key functions have been defined, such as: To direct, supervise, advise, control, and coordinate the necessary actions for the execution of funds by FONAFIFO through the FONAFIFO-Banco Nacional de Costa Rica Trust 544, by means of procurement plans, investment projects, and other actions. To support the planning and fulfillment of the SINAC Strengthening Plan. To supervise and report on the progress of projects to the involved parties, provide support to the leadership, identify and manage risks, and evaluate impact, among other functions. These can be reviewed in greater detail in the addendum to the agreement between FONAFIFO and SINAC. As of this report's closing date, the SINAC Executing Unit is 85% established.

Another important topic to revisit in this report is the payment amount recognized for emission reductions, as it continues to be a barrier for beneficiaries to join the program, especially in the case of small landowners with forested areas. Many of them feel the compensation

offered is insufficient when faced with the high opportunity and maintenance costs of their properties. This situation highlights the need to explore additional sources of climate financing to ensure fairer compensation for their efforts in conserving forest cover.

A significant challenge is land ownership. A significant percentage of properties are not registered in the National Registry, which prevents many owners from proving ownership of the land and, by extension, the carbon, thereby limiting their participation in the program. Faced with this situation, the Ministry of Environment and Energy (MINAE), together with the National Forestry Financing Fund (FONAFIFO), has promoted measures to foster the inclusion of land possessors through a regulatory framework. Thus, in August 2022, Executive Decree No. 43649-MINAE was published, expanding the possibility for land possessors who meet certain requirements to enter the Payment for Environmental Services (PES) Program for emission reductions.

However, these possessors must comply with a series of legal requirements established in Law No. 8640 of June 5, 2008. These requirements are often difficult to meet, due to both the number of documents required and their cost. Some must be authenticated by a lawyer, while others depend on third parties, such as neighbors or witnesses, who often no longer reside on or have current ties to the properties and cannot be contacted. This complicates the process of obtaining affidavits, which must also be prepared by a lawyer. This implies an approximate cost of US\$133 for the possessor's statement, and if witness statements are also required, this amount doubles or even more, often representing an economic barrier to continuing the process.

Another relevant aspect identified during the second payment process of the CREF contract involves contract modifications. To issue payment orders transparently and correctly, a verification of the registration status of the natural or legal persons benefiting from the emission reductions is conducted. This analysis has revealed situations particular to the country's registration context, such as:

1. Beneficiary changes due to property sale.
2. Subdivisions of registered properties.
3. Administrative warnings, civil lawsuits, or liens that restrict the CREF payment.
4. Overlaps with new applications to enter the program or with other mechanisms such as the PES, Sustainable Biodiversity Fund (SBF), PNE, and the Geographic Institute's cadastral map, among others.

These situations require additional technical and legal effort; depending on the complexity of each case, modification of the corresponding contract is required. Furthermore, these changes necessitate an update to the Payment Management System (SIGREF) to correctly reflect the modifications made.

Regarding resource traceability, during the review process of the annual financial resource application report requested by the REDD+ Secretariat for disbursements from the CREF contracts in Indigenous Territories corresponding to the second disbursement, a potential inconsistency was identified in the execution of resources by the Indigenous Territory of the Assembly of the Association for the Integral Development of the Indigenous Reserve of San Rafael de Cabagra. This situation has been referred to the legal department for analysis to clarify the alleged inconsistencies in the execution of the funds found in said report by the National REDD+ Secretariat.

Finally, the implementation and execution of the Inclusive Sustainable Development Fund and the Green Business Fund, as previously mentioned, have not yet materialized because their operational manuals and regulations are still pending. An ongoing consultancy is currently working on the development of these manuals and regulations for the operation of each fund. It is expected that both funds will become operational in the coming months, once the stakeholder consultation process is finalized. Section 3.2 provides further information on this topic.

It is important to note that these challenges and difficulties have slowed down some processes in the execution of the resources. However, this does not mean that the benefits will cease to be distributed, as they will be delivered as designed and approved by the parties involved.

3.2 Are the governance and funds flow arrangements as described in the BSP and operations manuals (if relevant) functioning well? Please provide as an annex a summary of meetings, consultations with stakeholders and decisions undertaken during the reporting period to implement and monitor the benefit sharing plan.

Level of implementation of the PDB

The execution level of PDB resources is approximately 13%, a result that reflects a combination of institutional, operational, and governance factors. Among the main elements that have influenced this performance, the following stand out:

1. Implementation of the SINAC Strengthening Plan.

One of the main challenges has been the implementation of the SINAC Strengthening Plan. Following the modification of the PDB in 2025, resources were transferred to Trust 544 BNCR-FONAFIFO and the Executive Unit was established to streamline processes. However, the formation of this unit involved a detailed planning phase and the development of terms of reference, which caused delays. Given that this component represents one of the highest percentages of the PDB, its limited progress has a direct impact on the overall execution percentage.

2. Launch of the Green Business Fund (FNV) and the Inclusive Fund for Sustainable Development (FOINDES)

Another relevant factor is the lack of operation of the Green Business Funds (FNV) and the Inclusive Fund for Sustainable Development (FOINDES), both created within the framework of the PDB. Although these funds required resources to begin implementation, this condition was met in 2024 with the incorporation of the amounts from the two monitoring events presented and recognized by the country.

Their implementation also involves compliance with various administrative, technical, and regulatory processes. In this regard, the Secretariat, with the support of international cooperation, developed the necessary regulations and manuals with the support of consultants. The Secretariat, with the support of international cooperation, developed the operating manuals, currently under final review by the Ministry of Economy, Industry, and Trade (see section 4.2), and it is estimated that the funds will begin operations in early 2026.

3. Implementation of PAFT and CREF contracts in Indigenous Territories.

In the case of Indigenous Territories, in order to access the resources of the Forest Emissions Reduction Contract (CREF), it is essential to have a Territorial Forest Environmental Plan (PAFT) approved and validated by the assemblies of each territory, in accordance with the provisions of the program's procedures manual. The development and validation of these plans has progressed gradually, as the process must respect the communities' own timelines and procedures. Currently, 22 of the 24 indigenous territories have an approved PAFT.

However, compliance with the additional requirements for signing CREF contracts has also taken longer than expected. To date, 15 CREF contracts have been formalized and paid (see section 4.1), demonstrating progressive progress in implementation.

Likewise, in order to access the second disbursements for the 2020–2021 period, the territories must submit technical and financial reports on the first disbursement. This requirement has caused delays, as only two territories have completed the requested documentation. In order to support this process and strengthen local management, the REDD+ Secretariat has implemented a Good Practices Program aimed at promoting transparency, strengthening capacities, and accompanying the committees responsible for implementation in each territory.

To reduce risks and accelerate the implementation of the PDB, the following actions have been implemented, which are expanded upon in the governance section of this chapter:

- strengthening and implementation of the SINAC Executive Unit.
- Resource management through Trust 544 BNCR–FONAFIFO.
- Greater inter-institutional coordination between SINAC, FONAFIFO, and the REDD+ Secretariat.

- Consolidation of regulations for the operation of the FNV and FOINDES.
- Continuous technical support to Indigenous Territories in the validation, training, and monitoring of PAFT and CREF.

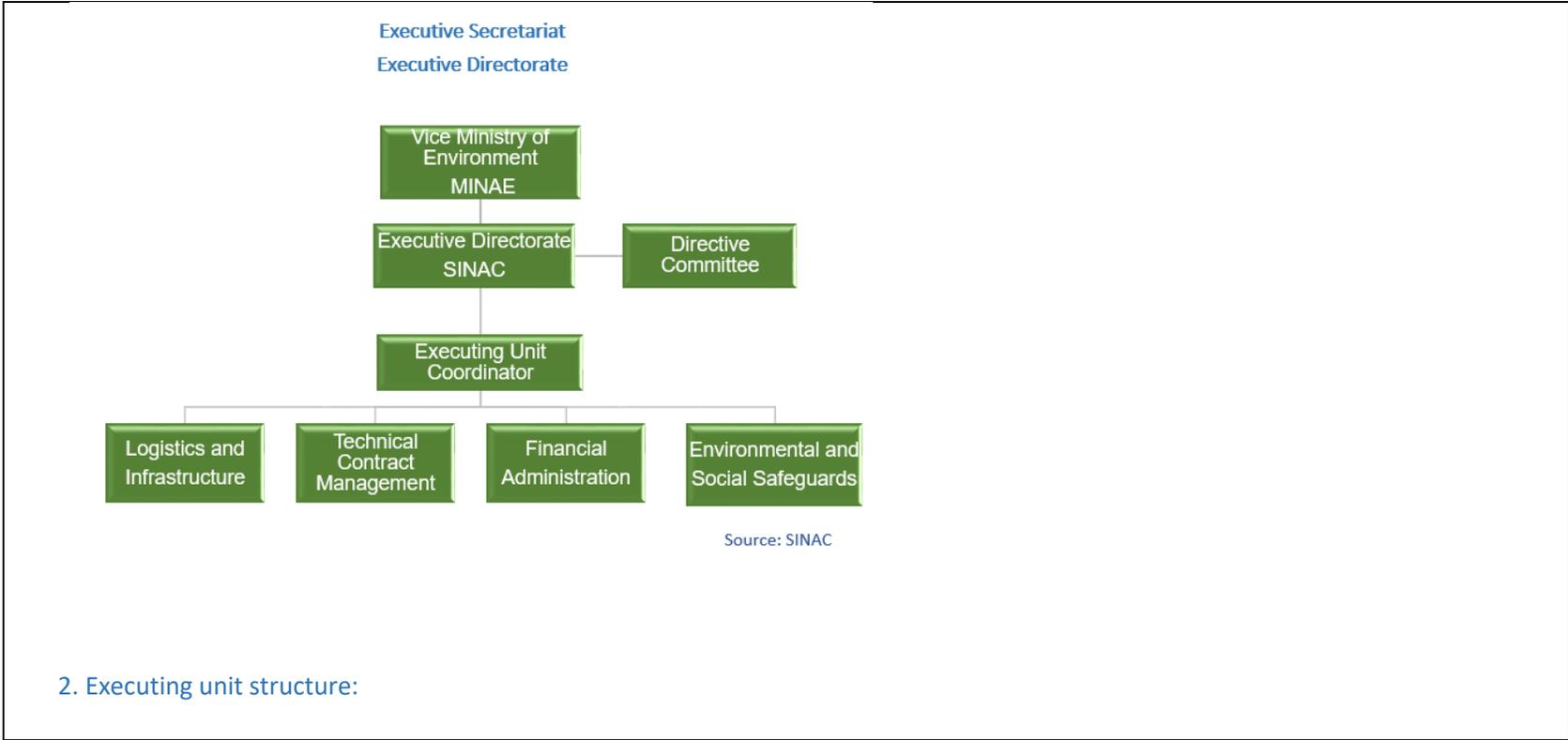
Governance and flow of funds

In terms of governance, as indicated in the previous report, Executive Decree [N.° 40464-MINAE](#) of July 18, 2017, regulates the implementation of the National REDD+ Strategy. This decree establishes the necessary mechanisms for its execution, including the Steering Committee, which meets at least twice a year and additionally when required, and the Monitoring Committee, which meets every three months. During the reporting period, the Steering Committee held three sessions and the Monitoring Committee held four working sessions, addressing various issues related to the National REDD+ Strategy (see Annex 1).

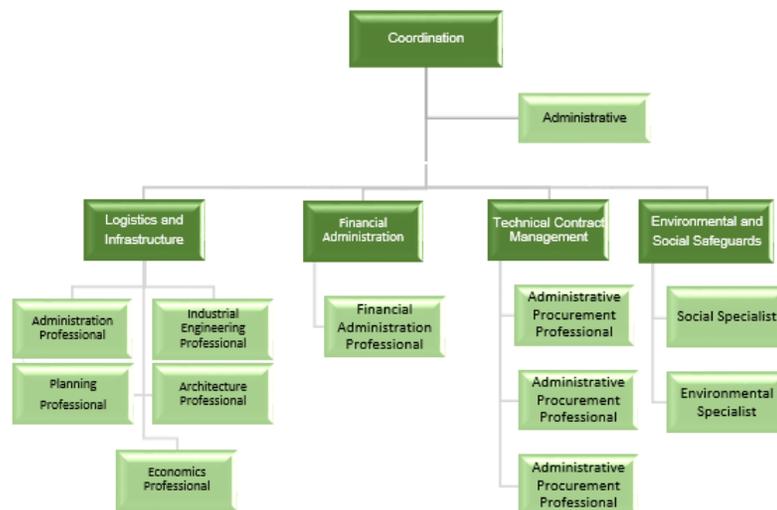
On March 18, 2025, an [addendum](#) to the cooperation agreement between the National System of Conservation Areas (SINAC) and the National Forestry Financing Fund (FONAFIFO) was signed for the execution of resources for the Costa Rica REDD+ Results-Based Payments 2014–2015 project. This addendum details the responsibilities of each institution in complying with the Emissions Reduction Purchase Agreement, in executing the SINAC Strengthening Plan, and creates, through its twenty-fourth clause, the project's Executive Unit.

This Executive Unit is responsible for providing technical and operational support for the implementation of the SINAC Strengthening Plan. During 2025, steps were taken to get it up and running, including internal coordination processes, defining technical profiles, and preparing the necessary tools for its operation. To ensure efficient management of the resources allocated to SINAC, the following governance structure was established

1. Management unit structure:



Organizational Chart of the SINAC Executing Unit



Source: [SINAC Executing Unit](#)

Since the beginning of these efforts, more than 50 technical sessions have been held with SINAC teams, aimed at prioritizing key processes for project implementation. Meetings have also been held with the Ministry, the Vice Ministry of Environment, and FONAFIFO, through which feedback has been received to improve the annual program.

In coordination with the REDD+ Secretariat, three working sessions have been held to facilitate the transfer of technical knowledge and accelerate the learning curve of the Executive Unit. In addition, constant communication has been maintained with senior authorities to facilitate strategic decision-making related to the implementation of the SINAC Strengthening Plan.

The governance agreements established have been implemented in accordance with the provisions of the PDB. Once the funds derived from the emissions reduction purchase agreement were received, they were deposited in the account administered by FUNBAM and subsequently distributed to separate accounts, as agreed. The resources allocated to SINAC were transferred to Trust 544 BNCR–FONAFIFO, as indicated in the amendment to the PDB.

With regard to benefit distribution, Executive Decree No. 40464-MINAE establishes that resources must be distributed according to the participation percentages of the owners of the emission reductions. Table 2 shows the amounts distributed by FUNBAM according to the accounts created for the administration of the funds and subsequently transferred to the corresponding trust fund according to the PDB. The column for the 2018-2019 amount shows the adjustment corresponding to the reimbursement received in the second disbursement and, in 2020-2021, the amount sold to Emergent.

To date, the country has received two disbursements from the World Bank:

- First disbursement (August 10, 2022): US\$16,415,111.00, corresponding to the 2018-2019 period.
- Second disbursement (September 2024): US\$17,568,430.00, corresponding to the 2020-2021 period, plus an adjustment of US\$1,361,365.00 for contracts signed after the first monitoring event.

Likewise, as part of the surpluses delivered to the FCPF, 100,000 tCO₂e were sold to Emergent for US\$ 1,300,000.00, resources that were distributed in accordance with the PDB of the Emissions Reduction Program.

Table 2. Distribution of First and Second World Bank Disbursements by FUNBAM-Managed Accounts

ERPA accounts created by FUNBAM		2018-2019 US\$	2020-2021 US\$	Total US\$
I	General account (SINAC)	0.00	0.00	0.00
II	Investment Fund for Reversals	888 823.75	875 353.25	1 764 177.00
III	Secretaria REDD +	711 059.00	700 282.60	1 411 341.60
IV	SINAC	7 248 845.96	7 152 940.96	14 401 786.92
V	CREF	7 638 998.74	7 509 039.77	15 148 038.51
VI	Inclusive Fund	483 320.21	474 677.21	957 997.42
VII	Green Business Fund	805 427.33	794 771.22	1 600 198.55
Subtotal		17 776 475.00	17 507 065.00	35 283 540.00

Note: Once distributed to the FUNBAM accounts, the transfer to the trust is processed, as applicable.

The REDD+ Secretariat continues leading the monitoring, verification, and safeguards processes, as well as the formulation and follow-up of strategic planning instruments such as Territorial Forestry and Environmental Plans (PAFT), Forest Emission Reduction Contracts (CREF), and the Gender Action Plan. In operational terms, the Emissions– Reduction Program Data Management System and the Forest Emissions Reduction Contract Management System (SICREF) allow for the transparent documentation of carbon rights and support payments associated with CREFs.

With regard to Indigenous Territories, the REDD+ Secretariat has ensured compliance with the agreements established in the preparation and validation of the PAFT, an essential requirement for the signing of the CREF between FONAFIFO and the Integral Indigenous Development Associations (ADIS), which act as local governments and official representatives of local indigenous communities under Law No. 3859. Likewise, in order to access the second and third disbursements, the territories must submit technical and financial reports on the use of resources, which are reviewed by the REDD+ Secretariat in accordance with the provisions of each PAFT.

During the reporting period, participatory workshops and follow-up meetings were held with indigenous territories in order to address their information needs and share suggestions on topics of interest to them. The processes developed are described in detail in the safeguards report. In addition, various actions have been carried out involving women's groups, with the aim of raising their profile and involving them in the activities of the Gender Action Plan. For further details, please refer to the list of activities carried out, and this topic is expanded upon in section 3.4.

With regard to the Green Business Fund (FNV) and the Inclusive Fund for Sustainable Development (FOINDES), the amendment to the PDB stipulates that their resources be transferred to Trust 544 BNCR–FONAFIFO, the entity responsible for their administration. With the publication of Executive Decree No. 44607-MINAE, the governance of these funds is strengthened by stipulating that the trust shall assume responsibility for their administration and for drafting the necessary regulations for their operation. These regulations will include key aspects such as requirements, interest rates, and terms, among others. At the time of preparing this report, the technical and legal consultations for the formulation of the operating manuals are in their final stages.

3.3 Is the FGRM functioning and accessible to people in the target areas with uptake channels? Is there evidence on the number and types of feedback and grievances, and how they were addressed? Please briefly describe them here and as relevant please also include links.

The Information, Feedback, and Grievance Redress Mechanism (MIRI) is a requirement of the Forest Carbon Partnership Facility (FCPF) to ensure the participation and protection of the rights of Relevant Stakeholders (RSs) in the implementation of REDD+. In Costa Rica, the MIRI operates as an official and accessible communication channel between relevant stakeholders and the Government, managed

by the Offices of the Comptroller of Services of FONAFIFO and SINAC, under the legal framework of Law No. 9158. These entities receive and address inquiries, feedback, and grievances regarding the REDD+ Strategy, ensuring transparency and a timely response. Currently, an IT system is being developed to centralize the management of the MIRI. Its integration into the Comprehensive System for Processing and Addressing Environmental Complaints (SITADA) is planned for 2026, which will strengthen the efficiency and traceability of how REDD+-related concerns are handled.

With respect to 2024 performance, the annual report from FONAFIFO's Office of the Comptroller of Services shows that 87% of the cases received were inquiries, indicating that the MIRI is primarily used as an informational channel. Only 2% corresponded to grievances and 0.4% to complaints, which suggests low usage of the mechanism for formal complaints, possibly due to a lack of awareness or trust. This highlights the need to strengthen outreach and accessibility for the MIRI as a tool for expressing concerns about REDD+. As part of the actions carried out in the reported period, during the 4th Quarter of 2024, thanks to support from the REDD+ Secretariat and the UNDP's Payment for Results Program, an informational printed poster was created. Its purpose is to inform clients, users, and the general public about WhatsApp as a new communication channel for submitting cases to the Comptroller's Office. In 2024, the main channels used by Relevant Stakeholders to communicate with the Comptroller's Office were:

- ✓ Email (49%) and WhatsApp (35%), demonstrating a strong preference for easily accessible digital and written channels.
- ✓ Social media (9%) and telephone (5%) saw moderate use.
- ✓ Official platforms such as SITADA and SICAD were used infrequently (1% each).

During 2024, a total of 282 cases were handled, of which only two, classified as grievances, were related to the Emission Reduction Program (ERP). These are reported in the following table:

User name	Case type	Dimension	Subject	Date filed	Channel	Managing unit
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Kattia Sáenz Benavides	Grievance	Bureaucracy and Process Management	Grievance regarding excessive procedures and requirements in the processing of a CREF application	28/8/2024	Email	REDD+
Francisco Araya	Grievance	Bureaucracy and Process Management	Grievance regarding the bureaucracy of CREF contract payment	1/11/2024	Telephone	REDD+

60% of the cases were resolved directly by the Comptroller's Office, without requiring support from other units.

- ✓ Most used channels: email (49%), WhatsApp (35%), and social media (9%).
- ✓ Main topics: Payment for Environmental Services (PES) Program (44% of cases), followed by information on CREF, Forestry Credit, and institutional procedures.

The (SITADA) is a platform of the Ministry of Environment and Energy where environmental complaints can be filed. This system includes the participation of the state institutions responsible for addressing environmental problems, such as SINAC, SETENA, the Water Authority, local governments (municipalities), and the PES program, among others. Complaints filed on this platform are received by MINAE's Environmental Comptroller's Office and redirected to each corresponding institution according to its areas of responsibility. The complaints that correspond to SINAC are directed by SITADA to the Conservation Areas to be addressed and processed. It should be noted that 3 complaints were received through the SITADA system and one via WhatsApp. None were deemed valid, as sufficient evidence was not provided or they did not correspond to areas under the PES program.

For 2025, active internal processes are underway to integrate the SITADA platform with MIRI, so that it includes the sections corresponding to REDD+ and the links with SINAC and the supervisory body, FONAFIFO. This process is being executed in a piecemeal fashion, as the objective is to integrate it so that all information is reported in a single system; however, resources for the necessary adjustments in SITADA are not currently available. It is expected that a centralized MIRI system will be operational by 2026. Several reports have been submitted that mention the status of MIRI. A procedure for handling public complaints in SITADA is available at: <https://www.sitada.go.cr/denunciaspublico/>.

The National System of Conservation Areas (SINAC) remains operational and continues to handle complaints, requests, and inquiries through its Office of the Comptroller of Services. However, it needs to strengthen its management capacity to properly follow up on these actions, especially within the framework of the Emission Reduction Program (ERP). Complaints related to the ERP are received by the Office of the Comptroller of Services, which is responsible for addressing and monitoring them. At the end of the year, this information is requested by FONAFIFO's social team for inclusion in the safeguards report. During 2024, the MIRI-related information from SINAC's Office of the Comptroller of Services was not delivered.

To comply with the implementation and linkage of the MIRI regarding complaints related to projects financed by the REDD+ strategy, SINAC is in the process of hiring a second professional using resources from the Trust; the estimated start date is this coming June 16. This support is expected to reinforce these processes and to integrate the information reported in the Safeguards report.

3.4 In cases where capacity building initiatives are ongoing, confirm whether the Program Entity has completed required capacity building measures to ensure system effectiveness. What other measures are still outstanding?

As part of the initiatives and actions that have been worked on during the reporting period:

Through the Scaling Climate Action by Lowering Emissions (Scale) initiative, which aims to strengthen and expand incentive mechanisms for emission reduction and landscape sustainability, the country has received 350,000 dollars in financial support from the World Bank. This initiative also provides technical assistance to strengthen institutional and staff capacities on topics related to soils, biodiversity, and the AFOLU (Agriculture, Forestry, and Other Land Use) sector.

On January 23, 2025, the first workshop with involved parties was held on the topic of "Basic Principles of Soil Carbon." Subsequently, on May 26 and 27, the workshops "Building the Roadmap for a Scale-CR proposal benefiting biodiversity" and "Building the Roadmap for a Scale-CR proposal with the AFOLU sector" were held. This type of training contributes significantly to reinforcing and developing the capacities of technical staff and stakeholders by addressing key themes for emission reduction and the strengthening of environmental incentive mechanisms.

As part of the country's compliance and proactive vision for developing actions with a gender focus, the REDD+ Secretariat has promoted priority actions to meet the objectives and actions of the GAP. For the year 2024, the following activities were carried out:

1. Gender Equality Award for Productive Units (GIGUP): The 2024 edition of the GIGUP was held, bringing together a total of 95 women from all regions of the country. It is important to highlight that this national coverage was achieved through inter-institutional effort,

which is of great support for effective coordination of events with the National REDD+ Secretariat. To carry out the dissemination of the GIGUP, in-person sessions were held in various parts of the national territory. Field visits, virtual sessions, and inter-institutional coordination were organized to achieve the objective of GIGUP dissemination, as well as to provide timely support to the participating women and ensure effective coordination with the institutions that were fundamental to this process.

2. Webinar: A webinar was held with awardees from previous editions. During this activity, the award-winning women commented on their experiences with the Award, their growth, exposure, and learnings. This experience was coordinated with support from the UNDP's REDD+ Results-Based Payment Program team.
3. Gathering of rural women for empowerment and GIGUP dissemination: This gathering brought together more than 30 women who shared reflections on self-esteem, empowerment, knowledge exchange, entrepreneurship, and climate change. Additionally, a space was provided for institutions to explain their actions related to gender issues. Likewise, the REDD+ Secretariat established a specific forum to reflect on and disseminate information about the GIGUP.

In compliance with the mandate of the Technical Unit for Indigenous Consultation (UTCI) and in response to official letter REDD-OF-0219-2020 related to the development of an indigenous participation methodology for the recognition of payments and the administration of financial resources linked to the REDD+ Secretariat, compliance is established with the requirement to create an advisory and training program to strengthen the capacities of territorial organizations in managing resources from the CREFs.

In this context, during the period of May 2024 to 2025, induction sessions titled "Good practices for the implementation of CREF Funds through PAFT projects" were held. These were directed at the committees established in the Territorial Environmental Forestry Plans (PAFTs) of the following Indigenous Territories: Maleku, Kekoldi, Talamanca Bribri, Bajo Chirripó, Rey Curré, Cabagra, Ujarrás and Alto Chirripó.

Furthermore, in March 2025, a national workshop was held with Indigenous Peoples with the objective of promoting basic tools for the implementation of good practices for the CREF. Representatives from 22 Indigenous Territories participated in this workshop; only the Maleku and Térraba territories were unable to attend.

On another note, on July 19, 2024, a PAFT Socialization Workshop was held for state institutions. The objective of the workshop was to foster institutional coordination to support the execution of projects approved in the PAFTs of Indigenous Territories with REDD+ funds. This seeks to generate a work exchange and guarantee an effective response from state institutions, contributing to the fulfillment of the projects in accordance with their objectives.

Regarding SINAC, it defined the strategy for the implementation of the SINAC Strengthening Plan and compliance with the Benefit Sharing Plan, which included the creation of the Executing Unit. Its main function is to support and reinforce SINAC's existing capacity,

as well as the execution of the Strengthening Plan. In the area of Safeguards, the engagement of two specialized professionals—one in environmental management and one in social management—was planned as part of this unit's team.

The Executing Unit was formalized with four priority action components, providing direct collaboration in public procurement, public investment, financial-administrative management, and Safeguards to support the REDD+ Secretariat in the areas SINAC must fulfill. Additionally, the respective procedures are underway to provide the necessary tools and supplies to ensure its operation under optimal conditions

4. Status of Benefit Distribution [*Indicate the payment period, e.g., first ER payment, etc.*]. If there has been any delay in overall disbursement of funds, please explain.

4.1 Indicate the overall number of beneficiaries who received benefits, and please provide this information as per the arrangements described in the BSP. For instance, number of beneficiaries should be disaggregated as follows:

- type of benefits: monetary and non-monetary
- gender
- Type of beneficiaries: (public organizations, private sector, IPs, communities, CSOs, etc.). geographic location of the beneficiaries (e.g., village, province).

During the preparation of the annual Benefit Sharing Plan report, an available surplus was identified from the funds allocated for the payment of CREF contracts. The BSP was developed under the assumption of reaching an average annual area of 482,000 hectares under CREF contracts during the implementation of the Emission Reduction Program (2018-2024).

For this purpose, budgetary provisions were made to pay for the CREF contracts at a price of US\$ 18/ha, for a total of US\$ 60.7 million. This financing comes from the amounts allocated according to the participation of FONAFIFO, the Biodiversity Fund, Private Owners, Indigenous Territories, and other state institutions, to cover US\$ 7.4/ha of the total cost of US\$ 18/ha. The remaining US\$ 10.4/ha is financed by payments from the Green Climate Fund's Results-Based Payments project.

However, in the first and second monitoring reports, a CREF enrollment of just over 269,000 ha was achieved, including Indigenous Territories, private owners, and forests in other public institutions. This area was lower than the planned 482,000 ha, leaving a shortfall of 213,000 ha with respect to the target. The foregoing despite the CREF application period remaining open until December 31, 2024,

and the two CREF promotional campaigns carried out in the past. It is worth mentioning that the enrolled area covers the entire eligible forest area within the Indigenous Territories.

Despite the difference in expected enrollment, the percentage of titled land achieved, which is just over 43%, allows the country to meet the committed ER volume in the ERPA of 12,000,000 tCO₂. Thus, for the first and second monitoring periods, and in accordance with the BSP, a total of US\$ 15 million has been reserved for CREF payments. However, the CREF payment obligations (the US\$ 7.4/ha covered by FCPF funds) amount to just over US\$ 8 million. This leaves an approximate available surplus of US\$ 7 million.

In the BSP, it was agreed that 90% of the payment corresponding to FONAFIFO would be assigned for CREF contract payments. As indicated in section 5.5 of the BSP, FONAFIFO's funds were intended to expand the areas under PES contracts through the CREF, to strengthen the institutional capacity to manage the increase in the number of contracts, and to develop new programs or mechanisms that promote forestry activities in the rural landscape.

Based on the above, the World Bank is hereby informed that the country plans to invest the remaining US\$7 million in the PES 2.0 Program and in institutional strengthening, as this program was launched in 2024 and is currently being implemented by FONAFIFO. It is important to highlight that PES 2.0 is focused on promoting forestry activities in rural areas. The following table specifies the analysis performed.

Table 8: Area reported with land title, amount reserved for CREF payment, and payments made and pending for the first and second monitoring periods of Costa Rica's Emission Reduction Program.

	2018				2019				Total Amount Reserved for CREF Payment (US\$)	Total Payments Made	Total Payments Outstanding (US\$)
	ER AREA reported with ownership (ha)	Amount reserved for CREF payment (US\$)	Payments Made (US\$)	Pending Payment (US\$)	AREA ER reported with ownership (ha)	AREA ER reported with ownership (ha)	Payments Made (US\$)	Pending Payment (US\$)			
Private+FBS	87 208	645 342	579 513	65 829	90 382	668 824	570 269	98 555	1 314 166	1 149 782	164 384
Other Public Institutions	2 867	19 096	55 140	-36 044	2 865	19 079	55 140	-36 061	38 175	110 280	-72 105
Indigenous Territories	179 531	1 328 526	975 639	352 888	179 753	1 330 173	971 434	358 739	2 658 699	1 947 073	711 626
Totals	269 606	1 992 964	1 610 292	382 673	272 999	2 018 076	1 596 843	421 232	4 011 040	3 207 135	803 905
	2020				2021				Total Amount Reserved for CREF Payment (US\$)	Total Payments Made	Total Payments Outstanding (US\$)
	ER AREA reported with ownership (ha)	Amount reserved for CREF payment (US\$)	Payments Made (US\$)	Pending Payment (US\$)	AREA ER reported with ownership (ha)	AREA ER reported with ownership (ha)	Payments Made (US\$)	Pending Payment (US\$)			
Private+FBS	91 433	676 607	199 347	477 260	92 597	685 214	203 664	481 550	1 361 822	403 012	958 810
Other Public Institutions	2 867	19 097	12 907	6 190	2 867	21 219	11 616	9 603	40 316	24 523	15 793
Indigenous Territories	175 617	1 299 568	123 066	1 176 503	175 417	1 298 083	126 862	1 171 221	2 597 651	249 927	2 347 724
Totals	269 918	1 995 273	335 320	1 659 953	270 881	2 004 516	342 142	1 662 374	3 999 789	677 462	3 322 327

Status of the Benefit Sharing Distribution

Within the program, we have identified 4 beneficiary distribution mechanisms:

1. Forest Emission Reduction Contracts (CREF).
2. SINAC Strengthening Plan.
3. Inclusive Sustainable Development Fund.
4. Green Business Fund.

Monetary

Among the instruments for the implementation of the Benefit Sharing Plan are the Forest Emission Reduction Contracts (CREF). Under this mechanism, all forest owners—whether private with registered properties or possessors, Indigenous Territories, and other Public Institutions—sign a CREF contract.

Status of CREF:

As of May 30, 2025, the REDD+ Secretariat had signed a total of 656 CREF contracts with private owners and possessors, Public State Institutions with lands that have forest cover, as well as with Indigenous Territories. These contracts cover an area of 219,060.65 hectares enrolled for the 2018-2019 period and 210,345.42 hectares corresponding to the 2020-2021 period.

It is important to note that there are variations in the signed areas between the different years, primarily because many of the applications received to participate in the program already had Payment for Environmental Services (PES) contracts at some point during the 2018 to 2024 period.

Table 3. Distribution of the area with a signed CREF by beneficiary type, for the 2018-2019 and 2020-2021 periods.

Type of owner	Number of contracts	Hectares 2018	Hectares 2019	Hectares 2020	Hectares 2021
Private	617	78938.34	77689.13	69246.27	70412.44
Public	17	8279.25	8279.25	8005.71	8005.71
Indigenous Territory	22	131843.06	131274.92	128873.28	131927.27
Total	656	219060.65	217243.3	206125.26	210345.42

Note: The Natural Heritage of the State, managed by SINAC, is not covered by the CREFs. Therefore, it is not included in the table.

Of the contract and payment area corresponding to the 2018-2019 period, a total amount of US\$ 7,602,281.73 has been executed, of which US\$ 3,190,325.96 comes from the sale of Emission Reductions (ERs) to the Carbon Fund. The remaining amount comes from Green Climate Fund resources, designated to support the payment of US\$ 18 per hectare per year, recognized through a CREF.

Of this payment, US\$ 7.4 million correspond to ERPA resources administered by the World Bank, and US\$ 10.6 million come directly from the Green Climate Fund, as detailed in the following table.

Table 4. Amount paid for the 2018-2019 period by funding source.

Type of owner	Number of contracts	Hectares 2018	Hectares 2019	Amount paid period 2018-2019 US\$	ERPA US\$	FVC US\$
*Private	593	78312.58	77063.37	2 849 978.34	1 171 657.76	1 678 320.58
**Public	17	8279.25	8279.25	110 279.62	110 280.62	
Indigenous Territory	22	131843.06	131274.92	4 642 023.83	1 908 387.57	2 733 636.26
Total	632	218434.89	216617.54	7 602 281.79	3 190 325.96	4 411 956.83

**The amount for (SBF, Private, Indigenous Territory) is calculated at \$7.40 per hectare per year, which is the amount covered by ERPA resources.*

***Other public institutions: the amount is calculated at \$6.66 per hectare per year, as it is paid solely with ERPA resources.*

Of the amount assigned to Indigenous Territories (ITs), a value corresponding to the guarantee reserve is deducted. This is calculated based on the surface area of each IT and the percentage established in the CREF contract under clause Seven, which details the additional obligations for projects in Indigenous Territories.

Payment of Second Installments (2020-2021):

Since October 2024, the payment process for the second disbursements of the 2020-2021 period has been initiated. To date, a total amount of US\$ 1,587,489.82 has been executed, reaching a cumulative grand total of US\$ 9,189,771.61, considering the disbursements from both periods: 2018-2019 and 2020-2021.

It should be noted that the execution of these second installments has required a meticulous review of the registry studies associated with each of the properties included in the program. This procedure, necessary to guarantee the transparency and precision of the process, has slowed down progress. The following table shows the amount executed by funding source.

Table 5. Amount paid for second installments of the 2020-2021 period by funding source.

Type of owner	Number of contracts	Hectares 2020	Hectares 2021	Amount paid period 2020-2021 US\$	ERPA US\$	FVC US\$
Private	226	26 938.82	27 522.22	979 475.32	402 673.19	576 802.13
Public	1	1744.15	1744.15	19 397.94	19 398.94	
Indigenous Territory	4	16630.5	17143.45	88 616.56	241 986.81	346 629.75
Total	231	45 313.47	46 409.82	1 587 489.82	664 058.94	923 431.88

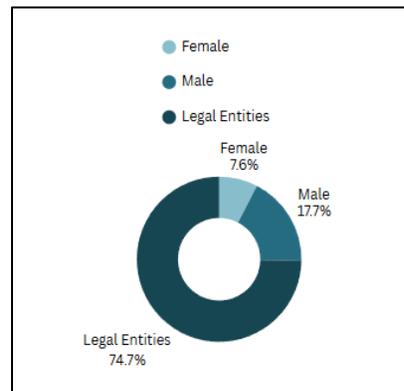
Additionally, of the total area contracted with the different beneficiaries, 89.8% corresponds to contracts signed with private owners of registered properties, while 10.2% were signed with possessors of unregistered properties. It is important to highlight that the formalization of CREF contracts on unregistered properties requires a significantly greater effort in terms of time, resources, and management. Field visits must be made to each property, in addition to the legal costs associated with the possessor proving ownership, as was previously detailed in section 3.1. The following table shows the progress by owner type.

Table 6. Distribution of the CREF area by type: private owners of registered properties and unregistered properties.

Type of owner	Number of contracts	Hectares recruited 2018-2019	Hectares recruited 2020-2021	Average
Registered	621	197 266.44	190 999.96	89.8
Possession	35	21 794.21	22 242.89	10.2
Total	656	219 060.65	213 242.85	100

When analyzing participation by gender, it is observed that 7.6% of the contracts were signed by women and 17.7% by men. However, the largest proportion corresponds to legal entities, which hold the most significant share of participation, as shown in the following Graph.

Graph 1. Participation percentage by beneficiary type.



Regarding Indigenous Territories, according to the results of the consultation carried out within the framework of the National REDD+ Strategy, they must have a duly validated Territorial Environmental Forestry Plan (PAFT) to be able to access climate finance resources.

In line with the progress in the validation of the PAFTs, as of the date of this report, 15 Indigenous Territories have signed CREF contracts.

Table 7. Participation of Indigenous Territories that have signed a CREF contract as of May 2025.

Indigenous Territory	Number of contracts	Hectáreas 2018	Hectáreas 2019	Hectáreas 2020	Hectáreas 2021
INDIGENOUS TERRITORY ABROJO MONTEZUMA CORREDORES	2	1461.87	1461.87	1461.87	1461.87
INDIGENOUS TERRITORY ALTO LAGUNA GUAYMI DE SIERPE OSA PUNTARE	1	865.76	865.76	1731.52	2563.92
INDIGENOUS TERRITORY CONTE BURICA CORREDORES	1	2136.56	3034.1	2048.04	2582.07
INDIGENOUS TERRITORY BRIBRI DE KEKOLDI (COCLES)	2	2175.22	2938.3	2938.3	2070.24
INDIGENOUS TERRITORY CABECAR DE NAIRI AWARI	1	629.35	601.62	601.62	601.62
INDIGENOUS TERRITORY BORUCA DE BUENOS AIR	1	1622.32	1622.32	1622.32	1186.06
INDIGENOUS TERRITORY CABECAR DE CHIRRIPO	1	54895.84	55923.03	53909.69	54913.43
INDIGENOUS TERRITORY CABECAR DE TALAMANCA	3	12647.89	11499.03	12232.71	12745.66

INDIGENOUS TERRITORY CURRE DE BORUCA REY	2	2710.15	2710.15	2710.15	3185.55
INDIGENOUS TERRITORY GUATUSO	1	133.14	133.14	133.14	133.14
INDIGENOUS TERRITORY SAN RAFAEL DE CABAGR	1	9110.48	9110.48	9110.48	9110.48
INDIGENOUS TERRITORY TALAMANCA	1	26115.89	26115.89	26100.49	26100.49
INDIGENOUS TERRITORY UJARRAS DE BUENOS AI	1	6277.74	5384.07	4397.79	4397.79
INDIGENOUS TERRITORY GUAYMI DE COTO BRUS	2	1127.24	940.71	940.71	940.71
INDIGENOUS TERRITORY CABECAR DE BAJO CHIR RIP	1	9874.54	8875.38	8875.38	9875.17
Total	21	131 783.99	131 215.85	128 814.21	131 868.2

The following presents data organized according to the regions defined by the Ministry of National Planning and Economic Policy (MIDEPLAN) and the Social Development Index (SDI).

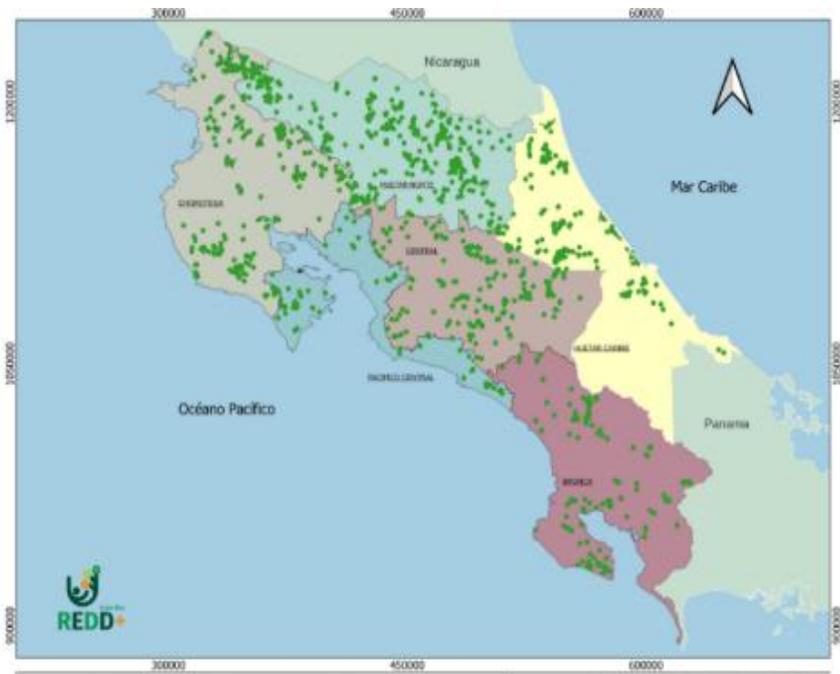
The MIDEPLAN regions are territorial divisions created by decree for the purposes of planning and socioeconomic development. These regions constitute a frame of reference for the formulation and implementation of public policies at the local and regional levels, with the objective of reducing inequalities and promoting more equitable development throughout the country.

For its part, MIDEPLAN's Social Development Index (SDI) is a tool that measures the level of social development of Costa Rica's districts and cantons. This index uses a set of indicators that evaluate the well-being and progress of the population in key areas such as the economy, health, education, social participation, and citizen security.

As observed in the following map, the Central Region has the highest proportion of contracted hectares, with 36.1%, which is partly explained by its territorial extension and the presence of large areas under contract. It is followed by the Huetar Atlántica Region, with 29.2%, driven primarily by the inclusion of the Cabécar and Bajo Chirripó Indigenous territories, which cover extensive areas under contract.

For its part, the Brunca Region accounts for 13.8% of the total contracted hectares. It is important to note that the Guaymí de Coto Brus and Conte Burica de Corredores Indigenous territories are located in this region, and they also contribute significantly to the area enrolled in this zone.

Map 1. Distribution of CREF Contracts by MIDEPLAN Regions.



Simbología

- Contratos CREP
- Regiones de Planificación**
 - BRUNCA
 - CENTRAL
 - CHOROTEGA
 - HUETAR CARIBE
 - HUETAR NORTE
 - PACIFICO CENTRAL

Escala: 1: 1550000

0 50 km

Proyección: UTM de Datum WGS84

Fuente: División Territorial Administrativa de la República de Costa Rica (DIRE) según Regiones de planificación (MIDEPLAN). Base de datos CREP (Secretaría REDD+ - Costa Rica)

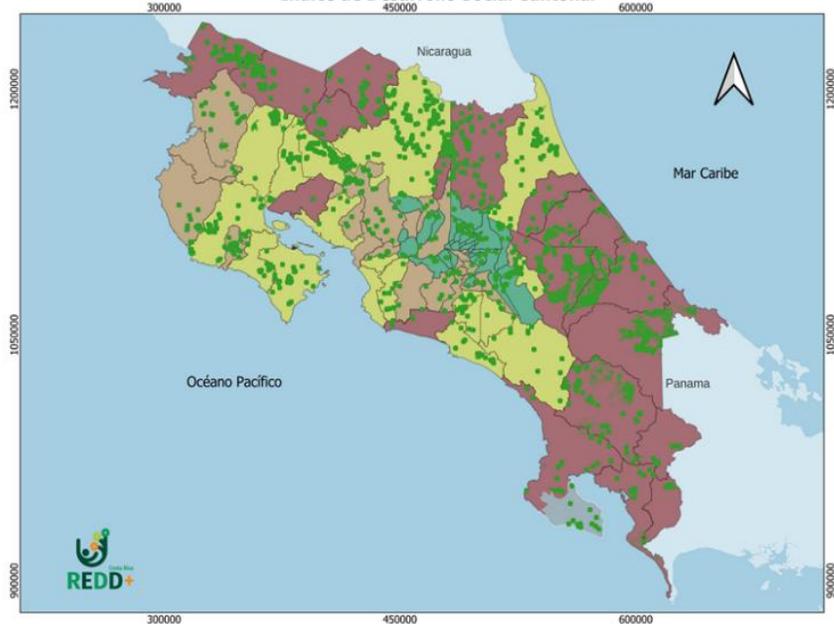
Región	Cantidad de contratos	Hectáreas reclutadas 2018-2019	Hectáreas reclutadas 2020-2021	Promedio de % ambos periodos
BRUNCA	78	30419,64	29430,92	13,8
CENTRAL	208	81704,19	74913,99	36,1
CHOROTEGA	98	19645,51	18849,91	8,9
HUETAR ATLÁNTICA	56	63212,79	63378,88	29,2
HUETAR NORTE	180	23207,55	23409,92	10,7
PACIFICO CENTRAL	36	3017,25	3036,85	1,4
Total general	656	221267	213020,46	100

MIDEPLAN Region	Number of contracts	Hectares enrolled 2018-2019	Hectares enrolled 2020-2021	Average of both periods %
BRUNCA	78	30 419.64	29 430.92	13.8
CENTRAL	208	81 704.19	74 913.99	36.1
CHOROTEGA	98	19 645.51	18 849.91	8.9
HUETAR ATLÁNTICA	56	63 212.79	63 378.86	29.2
HUETAR NORTE	180	23 207.55	23 409.92	10.7
PACIFICO CENTRAL	36	3 017.25	3 036.85	1.4
Total	656	221 206.9	213 020.5	100

Regarding the Social Development Index (SDI), as observed in Map 2, of the total area incorporated into the program, 69.3% of the properties under CREF contracts are located in cantons with a very low social development index, while 22.5% are in cantons with a low index. This shows that the program is generating a positive socio-environmental impact by representing a source of economic income for landowners and rural communities. In addition to improving the quality of life, the program fosters local empowerment and active participation in decision-making related to natural resource management.

Map 2. Distribution of CREF contracts according to the Social Development Index by Cantons of Costa Rica, 2018-2019 period.

Distribución de Contratos por Reducción de Emisiones Forestales (2018-2019) según el Índice de Desarrollo Social Cantonal



Simbología

IDS_cantonal

- Mayor Desarrollo Relativo
- Nivel bajo
- Nivel medio
- Nivel muy bajo
- Sin dato

Escala: 1: 1550000

50 0 50 km

Proyección: CRTM 05
Datum: WGS84
Fuente: División Territorial Administrativa de la República de Costa Rica (IGR); mapa Regiones de planificación (MIDEPLAN). Base de datos CREF 17-02-2024 (Secretaría REDD+ Costa Rica)
Elaborado por: Ing. Leonardo Rodríguez Quirós
Fecha de elaboración: 24/06/2025

Índice de Desarrollo Social	Cantidad de Fincas	Hectáreas
Mayor Desarrollo Relativo	74	1748.95
Nivel bajo	545	49210.57
Nivel medio	344	16431.48
Nivel muy bajo	324	154877.77

Development index	Number of properties	Period 18-19	Amount in US\$	Percentage
Higher relative development	74	1 748.95	58 180.76	0.7
Medium level	344	16 431.48	577 767.90	7.4
Low level	545	49 210.57	1 747 018.59	22.5
Very low level	324	154 877.77	5 381 008.41	69.3
Total	1 287	222 268.76	7 763 975.66	100

Non-Monetary

Among the instruments for the implementation of the Benefit Sharing Plan is the SINAC Strengthening Plan which, as has been indicated and for reasons already known, is beginning its implementation in 2025. It has an [Approved Budget for 2025](#) for the funds administered in the "Trust 544 FONAFIFO/BNCR SINAC IBRD FUND."

The following is a summary of the activities carried out within the framework of the strengthening plan's implementation by the Executing Unit, as of May 30, 2025.

- ✓ *On January 6, 2025, the Coordinator of the Executing Unit was hired.*
- ✓ *85% of the human resources required for the implementation and establishment of the SINAC Executing Unit have been hired.*
- ✓ *To date, more than 50 working sessions have been managed and coordinated with the different technical teams for the initiation and development of necessary inputs and to prioritize processes for efficient execution.*
- ✓ *For the execution of the budget, the strategic grouping of needs scheduled for 2025 has been identified to take advantage of economies of scale that can offer more reasonable prices and thus maximize the use of allocated resources.*
- ✓ *Control milestones have been defined as part of the work plan for the monitoring and control of financial and programmatic execution.*
- ✓ *Accountability sessions have been held before the authorities to report on the actions being carried out.*
- ✓ *Meetings were arranged with representatives of the World Bank to learn about the safeguard policies, for which a training session has been coordinated for the month of June.*
- ✓ *Strategies have been defined to streamline the acquisition of goods and services, for which procedures are being finalized to have additional support from the Trustee's procurement department.*
- ✓ *Enabling conditions were consolidated to guarantee the defined operational procedures, for which the addendum to the Specific Cooperation Agreement between the National System of Conservation Areas and the National Forestry Financing Fund for the execution of the Costa Rica REDD+ Results-Based Payments 2014-2015 Project was formalized. Specifically, the implementation of the Executing Unit was included, which will collaborate with SINAC's existing capacity to comply with the Benefit Sharing Plan.*

It is important to highlight that, although the implementation of the SINAC Strengthening Plan is just beginning, various actions aimed at the control and protection of natural resources are already being executed. These include measures against illegal logging and land-

use change, as well as strengthening fire control through on-the-ground awareness campaigns, equipment acquisition, and the formation of brigades, among other initiatives.

4.2 Following the BSP and operations manuals (if relevant), please provide information on the mechanisms for benefit distribution. For example, a BSP may include the submission of project proposals or selected investments, community action plans, institutional work plans etc. for beneficiaries to receive benefits. For each type of benefit to be distributed, summarize the status of approval and allocation.

As mentioned in the previous point, Costa Rica's benefit-sharing plan includes four instruments, which are detailed below:

A. Forest Emission Reduction Contracts (CREF)

As indicated in the previous report, to regulate the transfer of titles and the participation of each program beneficiary, participation guidelines and requirements were established, defined in the Manual of Norms and Procedures for the Program for the Reduction of Forest Greenhouse Gas Emissions and the Manual of Procedures for PES, which regulates their entry and participation in FONAFIFO's Payment for Environmental Services Program. An assignment of rights contract must also be signed between the State and the holders of the Forest Emission Reduction Contracts (CREF). The contracts recognize a period of 7 years (2018-2024) and contemplate payment in three installments, coinciding with the monitoring events submitted by the country to the Forest Carbon Partnership Facility (FCPF).

For the formalization, payment, and monitoring of the CREFs, FONAFIFO, through its Information and Communication Technologies Unit, designed and developed the Forest Emission Reduction Contract Management System (SICREF), contributing to a more robust and transparent administration of the contracts. This system involves the REDD+ Secretariat, which is responsible for validating and including the information of the program beneficiaries and for sending the payment order to FONAFIFO's Financial Accounting Directorate. Once the beneficiary's information is verified, the payment order is issued to the Trust 544 BNCR-Fonafifo, for subsequent deposit into the beneficiary's CREF account.

Currently, we are in the process of reviewing applications, locating properties, and conducting technical and legal analysis, to subsequently sign the contracts. Furthermore, we are also in the review process for the second CREF installment payments, corresponding to the 2020-2021 period.

B. SINAC Strengthening Plan:

The Program includes, within its framework, forest lands located within the Natural Heritage of the State. These areas authorize the National System of Conservation Areas (SINAC), as administrator, to receive the equivalent amount according to the participation percentages of each ER owner. As of the cut-off date, SINAC has an amount of US\$ 14,401,786.92 corresponding to the first and second disbursements, designated for the implementation of the Strengthening Plan.

Due to the aforementioned unforeseen circumstances, the implementation of the Strengthening Plan was initially affected. However, with the modification to the BSP and the actions taken, the required activities to execute the plan began in the last semester of 2024. Among these, the following stand out: strategic identification and grouping of needs scheduled for 2025 to take advantage of economies of scale; being in the process of acquiring goods and services through the trust; and hiring personnel for the unit, among other actions.

C. *Inclusive Sustainable Development Fund (FOINDES):*

With the publication of executive decree N°44607-MINAE, the creation of FOINDES is strengthened. It is funded by 10% of FONAFIFO's resources from the sale of emission reductions to the Carbon Fund. The decree also establishes the fund's objectives as an instrument that "allows natural persons, especially women, who are owners, co-owners, or possessors of land with or without forest coverage, to have a financial means that allows them, through various instruments, to establish or improve their small enterprises, which contribute to the fight against climate change and the conservation of biodiversity linked to the productive landscape and agriculture, improving their social and productive condition."

Currently, with technical cooperation funds from GIZ, the consultancy "Support the REDD+ Secretariat to develop the technical guidelines that allow for the structuring and operational and financial implementation of the financial resources that will make up FOINDES and the Green Business Fund" is being carried out. It aims to establish the **technical and operational guidelines** for the implementation of the FNV, defining its financial mechanisms, eligibility criteria, resource distribution, and monitoring and evaluation strategies. A flexible financing model is proposed, with **differentiated interest rates and appropriate terms and guarantees**, that responds to the actual conditions of rural enterprises. The manuals for each fund have already been developed; however, they are currently under consultation with stakeholders for their subsequent approval by the government.

As of the date of this report, a total amount of US\$ 957,977.42 is available from the first and second disbursements the country has received for ERs from the 2018 to 2021 period. However, the resources allocated to FOINDES have not yet been used, as they are awaiting the approval of the operational manuals to begin implementation.

D. Green Business Fund (FNV):

Regarding the FNV, it has the same status as FOINDES, awaiting the approval of the operational manuals to begin implementation. Currently, support is available from the consultancy "Support the REDD+ Secretariat to develop the technical guidelines that allow for the structuring and operational and financial implementation of the financial resources that will make up FOINDES and the Green Business Fund," which is financed with technical cooperation funds from GIZ. This consultancy aims to establish the **technical and operational guidelines** for the implementation of the FNV, defining its financial mechanisms, eligibility criteria, resource distribution, and monitoring and evaluation strategies. A flexible financing model is proposed, with **differentiated interest rates and appropriate terms and guarantees**, that responds to the actual conditions of rural enterprises. The manuals for each fund have already been developed; however, they are currently under consultation with stakeholders for their subsequent approval by the government.

The creation of the FNV is strengthened by the publication of executive decree N°44607-MINAE. This fund is composed of 10% of the resources that SINAC receives for the emission reductions generated in the areas of the Natural Heritage of the State. Furthermore, it establishes the fund's objectives as an instrument that "allows natural persons, legal entities, or organizations, who are owners, co-owners, or possessors of land with or without forest coverage, to have a mechanism that allows them, through various instruments, to improve their small enterprises, which contribute to the fight against climate change and the conservation of biodiversity, improving their social and productive condition." It also establishes the activities to be recognized and the fund's area of influence.

As of the date of this report, a total amount of US\$ 1,600,198.50 is available from the first and second disbursements the country has received for ERs from the 2018 to 2021 period. However, the resources allocated to the FNV have not yet been used, pending the approval of the operational manuals to begin implementation, which, as indicated in the previous point, are in the process of stakeholder consultation.

E. Territorial Environmental Forestry Plans (PAFT):

The PAFTs are territorial planning tools developed by Indigenous peoples through participatory processes, within the framework of the National REDD+ Strategy. They allow for the channeling of financial resources through the CREFs to address environmental priorities and facilitate agreements with public institutions. They also promote mechanisms for participation, monitoring, and oversight, ensuring transparent management of benefits and the strengthening of comprehensive development in the territories.

During the period of May 2024 to 2025, 12 PAFTs were territorially approved, which are mentioned in the following table:

Table 9. Summary of PAFTs approved from 2024 to May 2025.

Date of approval by the General Assembly	Indigenous Territory
May 24, 2025	Cabagra
June 24, 2022	Coto Brus
July 24, 2017	China Kicha
July 24, 2027	Rey Curré
August 24, 2010	Talamanca Bribrí
August 24, 2031	Nairi Awari
November 24, 2003	Alto Chirripó
December 24, 2001	Salitre
December 24, 2008	Conte Burica
December 24, 2015	Zapatón
March 25, 2008	Tayni
March 25, 2029	Matambú

4.3 Are the eligibility criteria to access benefits as described in the latest BSP still relevant? If there have been any revisions to the criteria during the reporting period, please describe.

The eligibility criteria have not changed and remain in effect to date.

4.4 Provide information on the processes and timeline for distributing the benefits (e.g., whether the benefits are distributed one-time or continuous/periodic).

According to the Benefit Sharing Plan, benefits are distributed proportionally to the total forest area of each identified beneficiary. The payments are scheduled according to the established monitoring events, ensuring that the distribution is transparent and timely.

In the case of SINAC, the distribution mechanism is based on its strengthening plan and the activities it includes. For FONAFIFO, the payments come from the contracts signed with beneficiaries or private owners, within the framework of the Payment for Environmental Services Program. When a contract is signed, the beneficiary assigns the emission reductions to FONAFIFO so that it can commercialize

them. The resources received through the emission reduction program are reinvested to expand the number of areas under CREF contracts, thus promoting greater conservation and protection of the forests.

Regarding the Indigenous Territories, the signing of the contract and the disbursements are subject to the finalization of the PAFT. Additionally, they must have: 1. an exclusive bank account in colones; 2. a contract with an accountant; 3. meeting minutes ratifying the agreement; and 4. a validated PAFT. All territories have already submitted a letter of intent to continue the process and participate in the CREF to receive resources from the ERPA.

The resources are transferred to the beneficiaries of the forest emission reduction program once the country submits the monitoring event and it complies with the validation and verification process by the audit. Once the process is approved by an independent auditor hired by the Bank, the resources are transferred to the country from the World Bank. The institution must budget for these resources to recognize the emission reductions through CREF contracts, as follows:

- First reporting period (2018-2019): the resources were received in Costa Rica in August 2022. The first CREF payment is \$36 and is payable to private beneficiaries.
- Second reporting period (2020-2021): the receipt of resources is projected for August 2024. The second CREF payment is \$36, also payable to private beneficiaries.
- Third reporting period (2022-2023-2024). It is expected that the final resources for the third payment, which consists of a CREF payment of \$54 to private beneficiaries, will be received in 2026.

The payment distribution mentioned above applies to all program beneficiaries. However, for SINAC and FONAFIFO, the amount they receive varies, as the adjustment to the \$18 amount does not apply to them as state institutions. Instead, both institutions are only recognized an amount of \$5 per tCO₂e, in accordance with what is established in the ERPA.

Of the eighteen dollars per hectare that are recognized for private owners, seven dollars and forty cents will be financed with resources from the ERPA signed by MINAE and the IBRD. The other ten dollars and sixty cents come from the results-based payment project submitted by MINAE and FONAFIFO to the Green Climate Fund.

4.5 Provide information on any specific agreements signed with the beneficiaries for them to receive the benefits, and the key terms of such agreements.

In the case of the Indigenous Territories, the PAFT, once validated by the Indigenous Territory, is the instrument that must be presented to the REDD+ Secretariat to sign a Forest Emission Reduction Contract (CREF). Finally, to transfer the title to the ERs, the president of the ADI (Associations for the Integral Development of Indigenous Territories) will sign the CREF contract, assigning the Emission Reductions to FONAFIFO.

In the case of SINAC, the Strengthening Plan is the document or agreement that defines the actions prioritized by the institution for their implementation within the framework of the payment for the Emission Reductions generated within the PNE. This plan represents a strategic effort to improve the management of forests in Costa Rica, with the purpose of contributing to the reduction of inequality, strengthening social peace, and consolidating a sustainable human development model.

It is fundamental because it seeks to guarantee the correct execution of the Emission Reduction Program within the framework of the agreement with the World Bank, ensuring that resources are used efficiently in strategic projects. With a significant investment, priorities are addressed such as the conservation of protected areas, sustainable forest management, the restoration of degraded ecosystems, and the reinforcement of the operational management of the Conservation Areas necessary to guarantee the protection and safeguarding of the protected areas.

Its development was carried out through a collaborative process that included consultations with various actors, from SINAC technical staff to representatives of the Conservation Areas. It was structured based on identified needs and the lessons learned in previous phases of the REDD+ program, guaranteeing that investments are aligned with national and international conservation goals. Furthermore, it seeks to strengthen operational capacities, improve administrative processes, and consolidate strategic actions that allow for the reduction of emissions derived from deforestation and forest degradation, contributing to the fulfillment of environmental commitments.

In the case of Private Owners and other public institutions, the Forest Emission Reductions assignment of rights contract (CREF) must be signed to participate in the program and receive the corresponding payment.

4.6 Describe the mechanisms that are in place to verify how benefits are used and whether those payments provide incentives to participate in the ER program activities.

In the case of the National System of Conservation Areas (SINAC), the Strengthening Plan was established, which defines the activities prioritized for the initial allocation of resources. Its execution required the development of an operating budget and an annual procurement plan that guarantees the fulfillment of strategic objectives.

To manage the first disbursement, a master plan was developed with strategic pillars and their respective distribution percentages:

1. ***Control and Protection (20% of resources):*** *Institutional strengthening for the protection of areas under conservation, with improved management of human, financial, operational, and technological resources. Priority is given to the technification of processes to*

improve timber traceability, from its origin to industrial timber yards, in addition to fostering citizen participation in the control of illegal logging.

2. ***Fight against forest fires*** (15% of resources): *Support for the Comprehensive Fire Management Strategy, including prevention campaigns, strengthening of brigades and forest firefighters, as well as the incorporation of advanced technology for fire detection and response.*
3. ***Management of Protected Wildlife Areas*** (25% of resources): *Improvement in the administration and operation of these areas, guaranteeing their conservation and sustainability through management and protection strategies.*
4. ***Inventory of the Natural Heritage of the State*** (20% of resources): *Collection of detailed information on the natural assets under state protection, with the objective of optimizing their use and conservation.*
5. ***Monitoring of the National Forest Development Plan*** (15% of resources): *Supervision and adjustment of the strategies implemented for the country's forest development, ensuring their alignment with sustainability and conservation policies.*
6. ***Forest governance and capacity building*** (10% of resources): *Promotion of cooperation among key actors to reduce deforestation and forest degradation, fostering joint actions and the development of institutional capacities.*

In the case of private owners who sign a CREF, there is no monitoring commitment regarding the use given to the resources they receive. This is because they receive a payment for the environmental service they provide, specifically for retroactively reducing the emissions generated in their forests.

As mentioned previously, the PAFTs are the instrument used by Indigenous Territories to plan and allocate resources; that is, to execute the financial resources they receive in exchange for the reduction of emissions generated in their forests. While it is true that a series of activities prioritized by the territory are identified, the State does not always have the necessary resources to supervise their execution. However, for each PAFT to be executed effectively, it is required to have an internal committee that supervises the investment plan and verifies its use, as established. This committee is formalized through the minutes of the creation of the Internal Committee for the Supervision of Indigenous Territorial Investment (CISITI). Additionally, they must have an accountant, an exclusive bank account to manage the resources, a guarantee reserve, and submit an annual report detailing compliance with the investment plan. All this information is established in the Assignment of Rights Contract for the Reduction of Greenhouse Gas Emissions, signed between FONAFIFO and the Indigenous Territory. Therefore, the monitoring of the territory can be carried out through the annual report they must submit.

In the case of the funds, technical and operational guidelines will be established to direct their implementation. These manuals will define the applicable financial mechanism, the requirements and eligibility criteria, as well as the distribution of resources and the monitoring and evaluation process that the institution will apply for each fund. The information will be clearer and more detailed once these manuals are finalized and approved. Currently, as has been mentioned in other sections, they are in the consultation process. Once approved by the government, their implementation will proceed.

4.7 Describe the financial management arrangements and financial control mechanisms that are in place for recording the distribution of benefits, tracking payments, and maintaining accounting and internal controls.

On March 7, 2022, a Specific Cooperation Agreement was signed between the Ministry of Environment and Energy (MINAE) and the Environmental Bank Foundation (FUNBAM), with the objective of establishing the basis for cooperation with FUNBAM through the administration of resources from the Emission Reductions Purchase Agreement (ERPA).

To fulfill this function, FUNBAM has an Operational Manual for the Fiduciary Administration of the Benefit Sharing Plan of the National REDD+ Strategy, which defines the necessary mechanisms, standards, and procedures for the technical, administrative, and financial management of the resources associated with the Benefit Sharing Plan.

Likewise, the resources administered by FUNBAM will be subject to external audits, and periodic reports must be submitted to the administrative counterparts at the World Bank, in compliance with the transparency and accountability requirements established within the framework of the agreement.

It is important to highlight that, due to the changes in the BSP Budget, the resources designated for the SINAC Strengthening Plan will be transferred to FONAFIFO's Trust 544 for their implementation. For this, it was necessary to sign an addendum to the cooperation agreement previously established between SINAC and FONAFIFO, within the framework of the Costa Rica REDD+ Results-based Payments 2014-2015 project. This addendum incorporates the Emission Reductions Purchase Agreement (ERPA) signed with the World Bank for the execution of the SINAC Strengthening Plan. Likewise, it contemplates the inclusion of an executing unit in charge of administering and supporting the resource implementation process in coordination with SINAC and FONAFIFO.

The SINAC resources will be executed and managed, pending approval from the Carbon Fund donors, through the Trust 544-FONAFIFO-BNCR. During the mid-year mission with representatives from the World Bank, it was agreed that SINAC will develop a master plan to implement the strengthening plan. This plan must include strategic lines of action that allow for the expansion of the Program's resource execution until 2028, for which an extension of the ERPA until that year will be requested.

To guarantee an efficient execution of resources, the annual development of a budget and a procurement plan will be required, facilitating the planning and monitoring of the funds through periodic reports. Additionally, the Trust will have integrated systems for the generation of financial statements, ensuring traceability and transparency in the use of resources.

FONAFIFO, in collaboration with the Information Technology Unit, designed and developed the Forest Emission Reduction Payment Management System (SICREF), which manages payments to landowners who sign contracts under the CREF scheme. This system allows for ensuring traceability and transparency in the process of allocating and executing payments.

The REDD+ Secretariat is responsible for validating and incorporating the beneficiaries' information into the system, as well as for generating a file with the basic information required for the formalization and signing of the contract. Subsequently, it issues the payment orders and sends them to FONAFIFO's Financial Accounting Directorate, which, after verifying the corresponding information, proceeds to issue the payment orders to the Trust 544 for their execution.

4.8 Provide information on how beneficiaries are using and reporting the benefits received. Are the systems in place able to track the use of the funds? Please describe any challenges encountered.

As indicated previously, in the case of private owners participating in the emission reduction program through CREF contracts, and as described in section 4.6, there are currently no established mechanisms or systems to monitor the use of resources from the emission reduction payments once they are delivered to the beneficiary. Furthermore, FONAFIFO does not have the necessary legal authority to demand accountability for the use of said funds.

In contrast, when dealing with resources for the Natural Heritage of the State, the process does allow for greater supervision. Being a public entity, it is obligated to have an annual budget and a procurement plan aligned with the execution of its Strengthening Plan, which facilitates monitoring and progress tracking. For its part, the Trust 544-BNCR-FONAFIFO has financial statements and will prepare the corresponding reports once the process begins. SINAC and the Executing Unit, in the exercise of their functions and in coordination with FONAFIFO, must prepare and present periodic reports on resource execution and the status of projects to the parties involved, as well as their physical and financial progress according to the established annual planning, developing periodic and quarterly reports.

For the PAFTs, it is a priority for the REDD+ Secretariat to monitor both the implementation of the Territorial Environmental Forestry Plans (PAFTs) and the budget execution linked to the CREF contracts in the Indigenous Territories. Each territory must incorporate transparency and accountability mechanisms into its PAFT that allow for adequate monitoring of the funds received.

Within this framework, it is necessary for each territory to establish two fundamental committees:

- ✓ **Oversight Committee**, in charge of receiving and executing the resources in accordance with the actions and strategic lines approved in the PAFT.

- ✓ **Monitoring Committee**, responsible for supervising the management committee and for reporting to the REDD+ Secretariat within the agreed-upon timeframe.

It should be noted that in the Indigenous Territories that have already signed a CREF, these committees have already been defined and established for this purpose.

As part of the process, and as a requirement for the second and third disbursements, two reports must be submitted:

- ✓ **Financial report** detailing the use of the allocated resources.
- ✓ **Technical report**, which provides evidence of the execution of the projects included in the PAFT.

The REDD+ Secretariat is responsible for reviewing these reports to verify compliance with the agreements established in the PAFT. Once they are validated and their conformity with FATF requirements is ensured, they are approved and the corresponding disbursement proceeds.

If clarifications are required, meetings are organized with the social team, the involved committees, and the Assembly of the Association for the Integral Development of the Indigenous Reserve (ADI), and an official letter is sent with the observations that must be addressed.

Table 10. Total monetary benefit distribution breakdown. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 3 from Tab 2 prepared and submitted with this report].*

Total monetary benefits distributed per beneficiary							
Category	Subcategory	Amount allocated		Amount distributed		Balance	
		(US\$)	%	(US\$)	%	(US\$)	%
Private Sector, FBS and FONAFIFO	CREF	5 215 595	34%	1 704 010.51	44%	3 511 584.96	31%
IPs	CREF	9 932 443.0	66%	2 150 374.38	56%	7 782 068.66	69%
TOTAL		15 148 039	100%	3 854 384.89	100%	11 293 653.62	100%

Note: The allocated amount includes a surplus of US\$ 7,137,216 that will be used to fund FONAFIFO's PES 2.0, as mentioned in section 4.

Table 11. Total non-monetary benefit distribution breakdown. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 4 from Tab 2 prepared and submitted with this report]*

Total non-monetary benefits distributed per beneficiary							
Category	Subcategory	Amount as per BSP		Amount distributed		Balance	
		(US\$)	%	(US\$)	%	(US\$)	%
Government	SINAC	14 401 787	71.51%	695 911.09	20%	14 265 859.21	0.76
Government	SecREDD (monitoring)	1 411 342	7.01%	135 927.00	100%	715 430.51	0.16%
Green Business		1 600 199	7.95%	0	0%	1 600 198.55	8.7%
Inclusive Development Fund		957 997	4.77%	0	0%	957 997.42	5.2%
Reversion Fund		1 764 177	8.77%	0		1 764 177.00	9.6%
TOTAL		20 135 501.49	100%	831 838.09	120%	19 303 662.68	100.0%

Notes: [3] The amount of US\$ 135,927 is provided by SINAC's executing unit as of May 30, 2025.

Table 12. Benefit distribution to local communities divided by monetary and non-monetary and gender. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 5 from Tab 2 prepared and submitted with this report]*

	Total monetary	Total non-monetary			
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	No. of people	US\$ amount disbursed	% total	TOTAL	N. of people	US\$ amount disbursed	% to total	TOTAL
Men	232	155 117.47	2%	0	0	0		0
Women	100	3 072 200.87	33%	0	0	0		0
legal entities	980	6 185 915.60	66%	0				
TOTAL	1312	9 413 233.94	100%	0	0	0	0	0

It is important to keep the following points in mind here:

- 1) The calculation is based on the maximum area enrolled between the 2018-2019 and 2020-2021 periods.
- 2) The report is broken down by the number of contracts signed by beneficiary type (man, woman, and legal entity).
- 3) It is important to be clear that the number of contracts per period cannot be added, because for the most part, the beneficiaries of the first and second disbursements are essentially the same. The number of contracts signed to date within the program is 656.
- 4) The amount is a function of all signed contracts that were in the process of payment.

5. Key issues and actions

5.1 . Based on experience with the implementation of the BSP during the reporting period, identify and explain other key issues encountered not already described above, and how and when they are going to be addressed.

During the period of this report, as part of the recommendations from the World Bank's Safeguards team, the need to strengthen the monitoring of the execution of CREF funds within the framework of the PAFTs was identified. In response to the recommendation, the social team of the REDD+ Secretariat has held various meetings with the World Bank's Safeguards specialist team to create a tool that facilitates risk verification and mitigation.

As part of this process, the REDD+ Secretariat's social team will design a simplified screening tool that will allow for an agile evaluation of the activities prioritized in the PAFTs and the identification of potential significant environmental and social risks and impacts. This tool will be presented to the World Bank team to receive feedback and technical guidance.

5.2. Are there any other emerging risks that may affect implementation, sustainability or effectiveness of the BSP? Please describe.

As mentioned in the previous report, a relevant risk has been identified that could affect the implementation of the Benefit Sharing Plan (BSP), linked to the extension of the Emission Reduction Program until 2028. This risk is related to the possible lack of financial resources to maintain the technical and social team of the REDD+ Secretariat, whose work is fundamental to supporting key activities such as reporting, monitoring, and control of the program's different components. In accordance with the Strengthening Plan, several emerging risks have been identified that could affect the implementation, sustainability, and effectiveness of the Benefit Sharing Plan (BSP).

The main challenges include:

Budgetary and administrative limitations: The execution of the BSP is subject to the disbursement of funds from the Carbon Fund and the support of entities like the World Bank. Any delay in the transfer of resources or modification in financial priorities, as well as limitations in funding the established needs, could hinder the implementation of the strategic actions.

Institutional and operational capacity: The efficient management of funds requires constant monitoring, structured planning, and trained personnel. Although the hiring of professionals for the creation of the Executing Unit has strengthened SINAC's institutional capacity, it is necessary to evaluate their staff retention to guarantee the continuity of operations and the fulfillment of SINAC's obligations within the framework of the REDD+ strategy.

The combination of these elements could make it difficult to meet the established goals; therefore, it will be necessary to implement support measures and solid and constant technical support to strengthen institutional capacities and ensure the effective execution of the program.

5.3. Is the Benefit Sharing distribution contributing to the core objectives and legitimacy of the ER Program and effectively rewarding/incentivizing the adoption or sustainability of emission reduction measures? Please describe as relevant.

The program has generated significant benefits for forest owners, who have contributed in various ways to the protection of these ecosystems and the strengthening of the country's conservation initiatives over the last two decades, and even to the country's commitments to fulfilling international conventions. This includes both owners of registered properties and possessors of unregistered properties who, despite not having previously received economic benefits, have played a key role in the conservation of forest resources. Recognizing and rewarding these efforts is essential to foster long-term sustainability and strengthen participation in environmental incentive schemes.

As part of this effort, the Strengthening Plan contemplates a series of strategic activities led by the National System of Conservation Areas (SINAC), aimed at addressing the underlying causes of deforestation and reinforcing control mechanisms over forestry activities, both in Protected Wildlife Areas (PWAs) and in the Natural Heritage of the State (PNE) under its administration. It is noteworthy that SINAC is responsible for implementing 38.8% of the Actions and 46% of the Measures from the country's framework of Policies, Actions, and Measures (PAMs) contemplated in the National REDD+ Strategy, so the effective allocation of resources in this area has a direct and decisive impact on the fulfillment of the country's strategic objectives regarding climate change and conservation.

According to the plan, the distribution of resources is aligned with the strategic needs for conservation and emission reduction, guaranteeing that the funds from the first disbursement of the Emission Reductions Payment Agreement (ERPA) with the World Bank are used efficiently. Furthermore, an equitable distribution scheme is established based on land ownership and its contribution to climate change mitigation, which reinforces the program's legitimacy.

Regarding the reward and incentive for adopting emission reduction measures, the plan allocates 90% of the resources to the implementation of concrete actions within the REDD+ strategy, such as the protection of wildlife areas, the fight against forest fires, the management of natural heritage, and institutional strengthening. These actions not only ensure the sustainability of the measures already implemented but also generate enabling conditions for their expansion and continuous improvement.

Likewise, the distribution mechanism includes the participation of key actors, such as local and Indigenous communities, ensuring that the program's implementation is inclusive and aligned with international safeguards. This allows investments in restoration, forest management, and the control of illegal logging to contribute to the effective reduction of emissions and the consolidation of sustainable development in Costa Rica.

In the case of the Indigenous Territories, joint work with the government has allowed for the development of the Territorial Forest Environmental Plans (PAFTs), which are participatory planning tools that guide actions in the short, medium, and long term. The PAFTs not only strengthen governance and local capacities but have also been recognized as key instruments for the implementation of the Regional Development Law No. 10096. This was reaffirmed by the Minister of National Planning and Economic Policy (MIDEPLAN) during a national workshop held in 2024 with representatives from the Indigenous territories. This normative integration strengthens the link between environmental management and territorial development with an intercultural approach.

In terms of benefit distribution, the national legal framework establishes that the monetary benefits derived from the sale of emission reductions must be granted to those who hold the title to said rights. This includes both individual private owners and collective possessors, as is the case with the Indigenous Territories. This scheme seeks to guarantee equity, transparency, and the recognition of rights over natural assets, thus promoting the effective participation and long-term commitment of all involved actors.

5.4. Describe any lessons learned and, if relevant, recommendations for BSP improvement or modifications.

It is important to mention that the support of the FCPF in preparing the country to enter the REDD+ process was crucial for addressing the existing gaps in monitoring and in participatory and inclusive processes, as well as other key elements that were essential for the development of the Emission Reductions Program Document (ERPD) and, subsequently, the design of the Benefit Sharing Plan.

Although the PAFTs are documents that allow for the planning of short, medium, and long-term activities for inter-institutional work and the search for additional resources, it is important to continue strengthening the technical, negotiation, administrative, and financial capacities for the CREFs to channel and manage resources in an efficient and transparent manner.

Additionally, to guarantee the long-term sustainability of these planning tools, it is fundamental that the Indigenous Territories consolidate agreements with public institutions. This will allow those territories that have received fewer resources to establish strategic alliances with cooperating partners and state institutions, thus facilitating the implementation and promotion of their prioritized projects.

It is necessary that Screening and other tools be comprehensible and culturally pertinent for the Indigenous Territories.

With the implementation of the CREF, the government promoted the inclusion of possessors of forest lands without property title, who have historically been excluded from these processes. This was possible thanks to the creation and publication of Executive Decree No. 43649-MINAE, which facilitated their incorporation into the Payment for Environmental Services (PES) Program, allowing them to receive recognition for the conservation and sustainable management of the forest. However, despite the progress made, challenges still persist in the process of integrating these actors, making it necessary to continue working on improving the mechanisms that facilitate their effective participation.

As part of the lessons learned, the current price continues to be a barrier to the incorporation of beneficiaries, particularly for owners of small areas of forest, who perceive the compensation as insufficient when faced with opportunity costs. This reality makes evident the need to:

- Evaluate and adjust the incentive schemes.
- Explore additional sources of climate financing.
- Strengthen differentiated valuation mechanisms, especially oriented toward small producers and territories with less access to economic benefits.

A more robust incentive strategy that is sensitive to the socioeconomic context of the beneficiaries is essential to guarantee inclusive and sustained participation, and to maximize the program's impact in terms of conservation and effective emission reduction.

Entering this type of project is a tool that allows owners to become more actively involved in the Registry and cadastral status of their properties. We could consider the PES program as a land-use planning strategy, which has pushed owners, in one way or another, to get their affairs in order.

Participation in this type of program becomes a tool that allows owners to become more actively involved in the registry and cadastral status of their properties. In that sense, the program can also be considered a land-use planning strategy, as it has driven many owners to regularize their situation. One of the most relevant benefits of the program is that it not only allows for the identification of existing problems on the properties—such as civil lawsuits, administrative warnings, overlaps, or registry inconsistencies—but it also motivates and facilitates their resolution, thus promoting greater legal certainty.

6. If relevant, please provide information on any other indicators as contained in the BSP and operational manuals (if relevant), including the explanation of un-met indicators.

7. Annexes

Annex 1. Summary table with the sessions held with the Directive Committee and the Oversight Committee of the National REDD+ Strategy.

National Strategy Directive Council (REDD+)			
Date (DD-MM-YYYY)	Topic	Session No.	Links
6-11-2024	Budgetary modification	Extraordinary 01-2024	Session 01-2024 (Extraordinary)
13-1-2025	Ordinary Budget 01-2025		Session 01-2025
22-5-2025	Budgetary modification	Extraordinary 01-2025	Session 01-2025 (Extraordinary)
National Strategy Oversight Committee (REDD+)			
Date	Topic	Session No.	Links
17-6-2024	Various	Ordinary 02-2024	Session 02-2024 - Oversight Committee.pdf
19-12-2024	Various	Ordinary 03-2024	Minutes 03-2024 - Oversight Committee.pdf
27-2-2025	Various	Ordinary 01-2025	Minutes 01-2025 - Oversight Committee.pdf
2-5-2025	Various	Ordinary 02-2025	Minutes 02-2025 - Oversight Committee.pdf