



# Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: November 21, 2019 | Report No: 146802



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Guatemala	LATIN AMERICA AND CARIBBEAN	<b>P167132</b>	
Project Name	Emission Reduction Program (ERP) Guatemala		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
ENR	Investment Project Financing	December 2019	
Borrower(s)	Implementing Agency(ies)		
	Environmental Ministry (MARN)		

Proposed Development Objective(s)

**The objective of the proposed carbon finance transaction is to reduce environmental degradation and carbon emissions through incentive payments for actions that result in reduced deforestation and land degradation in 92% of the Guatemalan territory, through verified emission reductions (ER) transparently distributed among relevant stakeholders according to a benefit sharing plan.**

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>52.5</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

- This Project Concept Note (PCN) is for a proposed Carbon Finance Transaction** for the delivery of and payment for ERs between the Republic of Guatemala, represented by the Ministry of Public Finances (MINFIN) as the Program Entity, and the World Bank as Trustee of the Forest Carbon Partnership Facility’s (FCPF’s) Carbon Fund



(CF). The Carbon Finance Transaction focuses on verifying ERs that would be produced through an underlying ER Program and distributing the associated results-based finance, in accordance with a Benefit-Sharing Plan (BSP).

2. **The Guatemala's ER Program leverages and combines multiple sources of financial support from internationally funded projects and public budget to Reduce Deforestation and forest Degradation -REDD+** (e.g., improved forest governance, and forest conservation). The CF Transaction does not involve the direct financing of these underlying activities included in Guatemala's ER Program. The results-based payments provided for ERs, however, will provide complementary financing that will be reinvested to support implementation of Guatemala's ER Program activities. The monitoring and verification of ERs follows a clear framework and methodological requirements stipulated by the Carbon Fund and forms the basis for the components of this CF transaction as described below.
3. **The Bank signed a Letter of Intent with MINFIN, in April 2017, for the development of an ER Program that would reduce up to 10.5 million tons of carbon dioxide equivalent (tCO<sub>2</sub>e).** Preparation of the ER Program began in September 2018 with support of a Bank-executed US\$650,000 grant (TFOA8085). A Technical Advisory Panel reviewed draft versions of the Guatemala's ER Program Document (ERPD) in December 2018, as well as February and May 2019, as part of the independent assessment of the Program's consistency with the FCPF's Methodological Framework. The ER Program will be presented during the 20th meeting of the CF Participants in July 2019 for selection into the CF portfolio. Selection of the Program at the meeting along with the Bank's authorization to appraise would trigger the start of negotiations of an ER Payment Agreement (ERPA) for an amount up to US\$52.5 million.

## B. Sectoral and Institutional Context

### *Sectoral*

4. **Guatemala is richly endowed with forests and natural resources and biological and cultural diversity.** Guatemala has a diverse topography and tropical climate that allow for remarkable biodiversity. Forests cover 34 percent (3.7 million ha) of the country, and include coniferous, broad-leaved tropical forests, mixed upland forests, dry forests, and mangroves<sup>iii</sup>. Guatemala is recognized as a megadiverse country with at least seven distinct biomes<sup>iii</sup>, and within Central America has the highest percentage of endemic species (13 percent) found nowhere else on earth.<sup>iv</sup> Around 52 percent of forests (and 32 percent of the country) are found within protected areas<sup>v</sup>, which include national parks, biosphere reserves, multiple-use areas, watershed protection zones, as well as municipal and private reserves<sup>vi</sup>. Around 34 percent of the country's forest area is owned by the State (90 percent of these forests are in Petén) and eight percent are owned by municipalities, who often lease these lands to residents for cultivation. Another 38 percent of forests are under private ownership and 15 percent of forests are owned by communities.<sup>vii</sup>
5. **Despite their tremendous socio-economic and environmental value, forests in Guatemala are experiencing rapid loss and degradation.** From 2001 to 2016, forests in Guatemala were lost at an average rate of 32,000 hectares (1 percent) per year; over two-thirds (68 percent) of deforestation has occurred in the northern lowlands region—including Petén, Quiché, and Alta Verapaz—but with significant deforestation also seen in humid eastern watersheds of the Sarstún and Motagua rivers (11 percent) and in the western highlands (12 percent)<sup>viii</sup>. Direct drivers of deforestation include conversion to extensive livestock pasture (35 percent); cultivation of staple crops (31 percent); the expansion of coffee, cardamom, and rubber cultivation (24 percent); oil palm (4 percent); and expansion of urban areas and infrastructure (4 percent)<sup>ix</sup>. An additional 12,500 hectares per year of forests experience degradation, most heavily concentrated in the western highlands (37 percent), but with significant degradation also seen in the northern lowlands (28 percent) and humid eastern regions (20 percent). Drivers of



forest degradation include unsustainable fuelwood harvesting (half of fuelwood is harvested from natural forests<sup>x</sup>), illegal logging, land grabbing within protected areas, and fires used to prepare areas for agriculture and livestock<sup>xi</sup>.

***Institutional***

6. **The administration of forests in Guatemala is shared between two national institutions, focused on forests located within and outside of protected areas.** The Forest Act in 1989 established the Guatemalan System of Protected Areas (SIGAP) and the National Council of Protected Areas (CONAP). SIGAP comprises 340 protected areas covering 4.1 million hectares (38 percent of the country) and includes 52 percent of Guatemala’s forests. For forests outside of protected areas, the 1996 Forest Law established the National Forest Institute (INAB), which administers several programs to support forestry production and conservation activities. These include: PINFOR for landowners (from 1996-2016); PINPEP for small possessors of public forest lands; and since 2015, PROBOSQUE, the successor to PINFOR, which is directed to municipalities, Indigenous communities, associations, the private sector, and landowners. The Ministry of Environment and Natural Resources (MARN) has the role of overseeing, regulating, and implementing the nation’s environmental policies on conservation, protection, sustainability, climate change, watersheds, and the relationship to human health. The Ministry of Agriculture, Livestock, and Food (MAGA) oversees and implements national policies and support programs for agricultural production, fishing, and forestry. Given the overlapping footprints and jurisdiction of these national institutions, inter-institutional coordination is critical to supporting improved forest governance.
7. **With limited government resources and vast forest areas to protect, co-administration is critical for effective forest and protected area management.** CONAP has extensive co-administration experience with private, municipal, and multiple use areas, and has 43 percent (2 million ha) of the Mayan Biosphere Reserve under co-administration, which include 400,000 hectares of community forest concessions. These 12 concessions (9 active and 3 inactive), located in the Multiple Use Zone (MUZ), have deforestation rates close to zero (0.1% per year), well below the deforestation rates in the core zone (1% per year) and buffer zone (5.5% per year) of the reserve<sup>xii</sup>. The concessions have provided substantial incomes to communities from timber (US\$25 million from 2012-2016), non-timber forest products (US\$3 million), and tourism. The active concessions have provided net revenue of US\$2.1 million to CONAP from 1994-2018 through concession fees and timber levies. In contrast, the costs of centralized enforcement and management are substantial: one inactive concession incurred US\$ 200,000 per year in eviction and enforcement costs from 2010 to 2018 to stop deforestation.
8. **Outside of protected areas, Guatemala has significant experience and lessons on improving forest governance and management while supporting rural livelihoods.** Guatemala has recognized models of customary forest management in the western highlands, and small cooperative forestry enterprises in Alta Verapaz carried out on private and municipal lands. As an institution, INAB has driven significant public and private forestry investment: from 1996-2016, PINFOR provided US\$260 million (76 percent of its budget) for plantation forestry and US\$82 million to support conservation and management of natural forests. PINFOR benefited 880,839 people (30 percent women), contributed to the restoration and management of 383,568 hectares, and generated 5,500 jobs per year. PINPEP to-date has supported restoration and forest management on 124,192 hectares to the benefit of 215,000 people (30 percent women and 57 percent Indigenous) and has generated more than 3.1 million workdays. In 2017 and 2018, PROBOSQUE supported restoration and forest management on 158,628 hectares and benefited 193,364 people directly and indirectly.
9. **Forests and rural livelihoods form a central part of Guatemala’s national strategy to address climate change.** Guatemala has developed a comprehensive strategy to reduce emissions from deforestation and forest degradation, which contribute 57 percent of the country’s greenhouse gas emissions. The strategy includes several complementary lines of action, including: strengthening forest governance; protection and conservation of natural forests; supporting forest restoration, reforestation, agroforestry systems, and other improved agricultural



practices; supporting sustainable use of fuelwood; and improving competitiveness of value chains to increase income from forest-related products that support forest conservation. Complementary to this strategy, the four major land use institutions—MARN, INAB, CONAP, and MAGA—have each developed a strategy to help reduce greenhouse gas emissions from land use while improving rural livelihoods, incomes, and adaptation to the impacts of climate change<sup>xiii</sup>.

10. **Guatemala’s innovative legal framework, inclusive policies, and initiatives to promote cross-sectoral coordination reflect a high-level commitment to addressing climate change in the forest sector.** The 2013 Framework Law on Climate Change establishes the necessary regulations to provide an adequate, coordinated, and sustained response to climate change. The Law creates a National Council for Climate Change, chaired by the President of the Republic; establishes a National Climate Change Fund; and stipulates specific requirements on safeguards, emissions reductions from REDD+ projects, and carbon markets, among others. The national REDD+ strategy embraces existing REDD+ projects, recognizing their significant contribution to knowledge, especially on proving the successful integration of local communities in these types of projects. Currently, three REDD+ projects have been certified under the Voluntary Carbon Standard (VCS)<sup>xiv</sup> and the Community, Climate, and Biodiversity Standard<sup>xv</sup>. In 2011, the GoG created the Interinstitutional Coordination Group (ICG) to harmonize policy actions of MARN, MAGA, INAB, and CONAP. The GCI coordinates with the Group of REDD+ Projects Implementers (GIREDD).

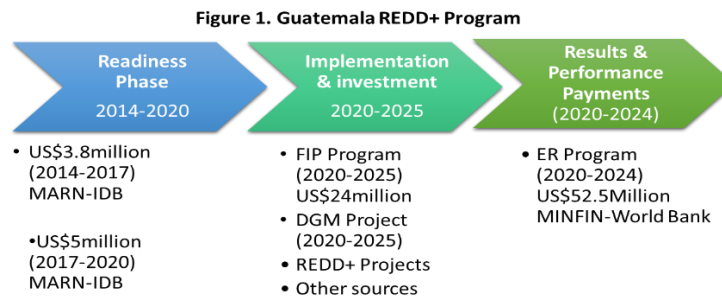
#### 4. Higher Level Objectives to which the Project Contributes and relationship to CPS

11. **The ER Program responds directly to the focus areas for development identified in the Systematic Country Diagnostics (SCD) and the Country Partnership Framework (CPF) FY2017-2020** (Report No. 103738-GT), discussed by the Board of Directors of the World Bank on November 18, 2016. The proposed ER Program forms a key part of Pillar #2 of the CPF that seeks strengthening the country’s institutional capacity to manage and adapt to the impacts of climate change (Objective #5). This engagement area aims to improve the management of terrestrial natural assets as well as benefit from it. The proposed ER Program would allow Guatemala to implement its REDD+ strategy, test the systems established to measure and monitor GHG emissions reductions against a previously agreed robust Forest Reference Emissions Levels (FREL), attract future streams of results-based investments from forest climate international funding promote sustainable livelihoods, while maintaining the natural asset base.
12. **The ER Program is also consistent with the World Bank Group’s strategic goals—to end extreme poverty and to promote shared prosperity with environmental, social, and fiscal sustainability.** The ER Program supports REDD+ approaches that are pro-poor, including engagement of local people in forestland management, livelihood development, and equitable benefit-sharing plans. The ER Program would strengthen the economically-profitable and social-equitable forest sector development model that Guatemala has been implementing since 1996 through the deployment of forest incentives and a variety of public-private partnerships to forest governance and management. The proposed ER Program is a promising instrument to support the livelihoods of the rural poor who are often marginalized and disproportionately vulnerable to the impacts of climate change. By reducing deforestation and forest degradation, the ER Program would be mitigating climate change and enhancing the resilience of ecosystems and local communities for which forests represent an essential safety net.
13. **The Project is in line with the government’s vision and the main features of the Plan Nacional de Desarrollo: K’atun, Nuestra Guatemala 2032, which place a high priority on the sustainable management of natural resources and the environment as the country continues to promote poverty reduction and inclusive prosperity.** The Plan seeks to protect and boost natural resources, to address increased vulnerability to the impacts of climate change, while securing social, cultural, and economic development to satisfy intergenerational needs, through inclusive and gender-sensitive actions in priority territories. In relation to this project, the K’atun 2032 Plan seeks to: (i) address gaps and overlaps in public policy to remove perverse incentives negatively affecting natural



resources and the livelihoods of its forest-dependent population; (ii) strengthen forest governance and promote local communities’ organization and participation in sustainable forest management, including through community forestry concessions; and (iii) promote control and surveillance of protected forest areas to reduce illegal logging and forest fires, as well as monitoring of plagues and diseases.

- 14. **The ER Program would help the Guatemala meet its climate change mitigation goals and increase its opportunities to access international climate finance.** According to Guatemala’s National Determined Contribution (NDC), the country would emit around 54 million tons of Carbon Dioxide equivalent (tCO2e) by 2030. Guatemala has committed to reduce this trend by 33.8 percent from 2016-2030, including with the use of domestic financing sources (11.2 percent) and with international financial support (22.6 percent). This project supports priority actions included both in the NDC and in the National Strategy to Addressing Deforestation and Forest Degradation. These actions include improving the integration of forest sector public policy instruments; enhancing interinstitutional coordination to comply with the Framework Law on Climate Change and the Biodiversity Conservation National Strategy; strengthening the Guatemalan Protected Area System; and supporting the implementation of the National Strategy to Combat Illegal Logging.
- 15. **The ER Program would play an essential role in supporting and scaling-up implementation of the Guatemala’s new forest and climate change agenda.** Guatemala has made considerable efforts to leverage its significant domestic investment in the forest sector to attract climate investment funds from a variety of funding sources. Guatemala is implementing a REDD+ Program through a three-phase strategic process of integrating financing from multiple sources for: (1) readiness preparation; (2) investment; and (3) performance-based payments. Readiness is being achieved with support from the FCPF Readiness Fund. Investment would require the integration of different financing vehicles, including the Forest Investment Program (FIP) currently under preparation, and other potential financing sources that Guatemala expects to align to the goal of producing ERs (i.e., the new United States Agency for International Development -USAID- US\$18.5M Sustainable Forest Management Project, and other project under preparation in Guatemala). The proposed ER Program would enhance and complement this package.



- 16. **The Proposed ER Program is aligned with other forest sector World Bank operations (under preparation) Guatemala.** The World Bank is leading the implementation of Component 2 of the Guatemalan Forest Investment Program (FIP<sup>xvi</sup>) (Project P167131, US\$11.8M), focused on strengthening forest governance and diversification of rural livelihoods. This funding will support capacity building within institutions, align policies, improve monitoring and enforcement, and strengthen participation and effectiveness of forest governance. On livelihoods, the FIP project will identify and invest in key opportunities to increase the economic value of forests to benefit small producers, communities, women, Indigenous peoples, as well as small enterprises. These will focus on the design and piloting of Compensation mechanisms for Ecosystem Services and investment into forest-related value chain opportunities for non-timber forest products and sustainable tourism.<sup>xvii</sup> The Program also aligns with the FIP



Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities, which aims to improve their participation in FIP. Complementary to this role, the Inter-American Development Bank (IDB) is the lead MDB for the other components of the FIP Program, focusing on promoting sustainable forest management (US\$9.7M) and increasing access to public and private financing (US\$2.5M).

### Project Description

17. The ER Program's Carbon Finance Transaction has two components: (1) ER Verification – verification of and payment for measured and reported ERs generated by the Government's ER Program; and (2) Benefit Sharing – distribution of the ERPA payments according to a BSP.
18. **Component (1): ER Verification.** The objective of this component is to verify the ER Program's performance in reducing emissions. The component provides results-based payments for reduced emissions from land use change. ERs are expected to result from implementation of the underlying activities of the ER Program (the activities described in the ERPD) that are expected to ultimately generate ERs), which will support a combination of enabling conditions and forest sector activities. These activities are organized along five inter-related, strategic lines of action that respond in an integrated fashion to different conditions and drivers of deforestation and include: 1) forest governance strengthening; 2) Forest conservation, protection and sustainable forest management; 3) Forest landscape restoration and forest regeneration; and 4) Reduction of unsustainable use of firewood; and 5) Promote competitiveness and legal development of the value chain of forest products and by-products. A detailed description of the ER Program area is presented in Annex 1 and the activities in Annex 2.
19. The basis for payments under the ERPA is verified ERs reported by the Program Entity<sup>xviii</sup> (MINFIN). In the draft ERPD that has been submitted by the Government to the FCPF, in advance of the Carbon Fund Participants meeting in July 2019, Guatemala has provided a detailed approach to measure emissions in the ER Program jurisdiction. This approach is consistent with the methodology for estimating baseline emissions and has been rigorously assessed by an independent Technical Advisory Panel against the requirements stipulated in the Carbon Fund Methodological Framework.<sup>xix</sup> The same methodology will form the basis of future emissions monitoring. The Program Entity will submit periodic ER monitoring reports<sup>xx</sup> during the term of the ERPA, which will be independently verified. If deforestation and degradation are reduced across the entire ER Program area compared to their individual historical baseline emissions, and forest carbon stocks are enhanced compared to its respective historical baseline, the verified volume of ERs, combined with the negotiated unit price agreed in the ERPA, will then translate into corresponding payments. As part of this transaction, ERs will be transferred from the Program Entity to the FCPF Carbon Fund via the Guatemala's national registry of verified emissions to a centralized carbon registry managed by the Climate Change Group.<sup>xxi</sup>
20. **Component (2): Benefit Sharing.** The revenue from ER payments would be shared according to an agreed BSP, that is being designed in accordance with the criteria in the Carbon Fund Methodological Framework and in a manner that is acceptable to the World Bank. The draft BSP foresees benefit distribution proportional to the contribution of each beneficiary or group of beneficiaries to the generation of emissions reductions and carbon sequestration for which the GoG would receive results-based payments. In the development of benefit sharing arrangements, the Government would consider the most effective way to reach the diverse group of stakeholders that are likely to contribute most directly to reducing emissions, ways to incentivize these stakeholders, and recognition of historical and continued sustainable land use. Given these considerations and recent consultations on the BSP, priority beneficiaries would be landholders or land possessors, communities, associations, cooperatives, enterprises, REDD+ Projects, Municipalities, and government institutions. The decisions on the distribution of such resources would be taken with the participation of representatives of key stakeholders in equal conditions. Benefits would take the form of monetary and non-monetary, depending on the type of beneficiaries.





21. At the time of ERPA signing, at least an advanced draft BSP needs to be submitted by the Government, reviewed by the Bank through a Quality Enhancement Review, and publicly disclosed (once acceptable to the Bank). A final BSP is required no later than prior to the first ERPA payment.<sup>xxii</sup> As per the ERPA General Conditions,<sup>xxiii</sup> the Program Entity shall share a significant part of the monetary and non-monetary benefits achieved in connection with the implementation of the ER Program with relevant stakeholders.

## A. Carbon finance aspects

22. The ER Program is expected to generate a total of about 11MtCO<sub>2</sub>e -or ERs- from the accounting area during the 2020-2024 accounting period. Excluding a percent uncertainty factor of 12 percent for deforestation and 15 percent for degradation and a 23 percent buffer for reversals, the net ex-ante estimated ERs amount to 11 MtCO<sub>2</sub>e over five years. This represents an average emission reduction of 71 percent in the implementation period, compared to the net reference level of an average deforestation of 31,335.86 hectares per year, an average degradation of 18,890 hectares, and average increase in forest cover associated with forest plantations of 2,493 hectares/year. Guatemala expects to transfer 10.5 MtCO<sub>2</sub>e of ERs to the Carbon Fund. The scope of the ER Program is subnational as it excludes some conflicting areas (see a map of the ER Program in Annex 1).

23. The ER Program interventions would be implemented by REDD+ Projects, the FIP Project, and other initiatives. The REDD+ projects are expected to achieve about 1.3 MtCO<sub>2</sub>e and the FIP project 6.2MtCO<sub>2</sub>e. The potential for ER outside these areas is estimated at 8.3MtCO<sub>2</sub>e. The MRV system will allow obtaining data on the ERs that could be generated in three large areas: the REDD+ Project areas (for which estimates may be available per project), for the FIP areas (which include areas where activities supported by INAB and CONAP will be carried out, and reinforced by the same FIP) and in the so-called "areas without actions", which are in fact areas in which both institutions also operate their programs, but lack direct support of the FIP.

24. The distribution of benefits would be made based on the information on ERs to each of the REDD + projects, to all the areas of the FIP, and to all the areas without actions. However, the inward distribution of these two sets of areas would be made based on the number of hectares in which the beneficiaries or groups of them had successfully carried out activities during the results period, since there is currently insufficient data to estimate the reduction of emissions at those levels. The recognition of pioneering actions in the country could also translate into an additional proportion of the benefits (to be negotiated between the actors involved in the P-RE) that would be granted to REDD + projects that could demonstrate their contribution to several factors to be determined. This recognition could be granted only once or on a recurring basis, if a constant contribution to the country's REDD + process could be demonstrated.

25. **The instrument for this carbon finance operation is an ERPA.** Specifically, the World Bank as the Trustee and implementing agency of the FCPF Carbon Fund pays for ERs that meet a set of standard technical requirements defined in the Carbon Fund Methodological Framework that are consistent with international good practice. As per the international framework for REDD+ agreed as part of the Paris Climate Agreement, Guatemala has proposed an emissions baseline based on estimates of observed change in forest cover and quality and intends to use national systems (national forest inventory and satellite-based forest mapping) to measure and report future emissions during Program implementation. Payments under the ERPA will be made upon the independent verification of ERs and confirmation that safeguard instruments (ER Program's ESMF) and corresponding safeguard instruments) and the BSP are implemented as planned.

26. The ERPA is a legal document in which the Republic of Guatemala and the Bank (as Trustee of FCPF Carbon Fund) agree on the commercial terms of the payment for ERs, including volume, price, conditions of effectiveness and any agreed payment options. ERPA General Conditions were approved by the FCPF Participants Committee on November 1, 2014 and are non-negotiable. Negotiations on the Commercial Terms of the ERPA will be initiated after the project's Decision Meeting. The ER volume amounts and ER value in payments listed in this PCN are therefore





indicative as they are subject to the outcome of the negotiations and the performance of the Government’s Program.

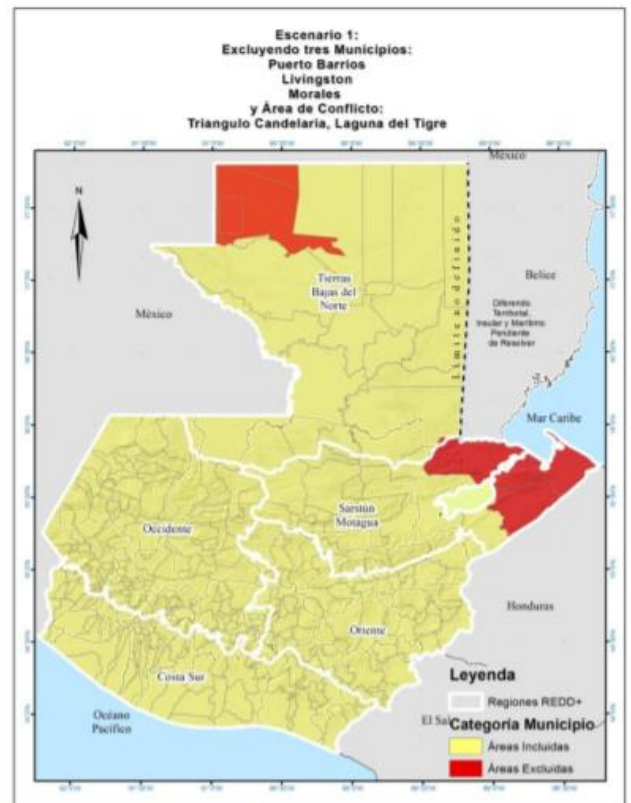
27. In addition, the ER Program is expected to yield, directly and indirectly, multiple non-carbon benefits, including increased and sustainable production, improved rural livelihoods, employment, watershed protection and recuperation, and biodiversity conservation. The national Safeguards Information System (SIS), which serves as a database platform for safeguards monitoring, will include evidence-based quantitative and qualitative information on non-carbon benefits, including based on consultations with target stakeholders. The SIS is under development, with an expected completion date of December 2019. Information on non-carbon benefits will be collected on a regular basis, presented in regular progress reports, and made available to the public. MARN is currently testing a Feedback Grievance Redress Mechanism (FGRM) for the ER Program, developed following FCPF guidelines.

#### D. Environmental and Social Overview

##### D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

**Location:** Guatemala's ERP has a subnational approach, nearly covering the whole country. According to the 2016 vegetation cover and land use map (GIMBUT, 2018) the Guatemalan territory has 31% of forests and natural environments (forests, shrublands and areas with little to no vegetation). The most recent forest cover survey in the country (2016) points out to 3,389,692.91 ha of forest, with a total deforestation of 325,065.32 ha between 2006 and 2016, i.e. an annual loss of 32,506.53 ha. The increase of forest land through plantation forestry was 28,766.84 ha, or 2,876.68 ha per year. Forest cover is divided into different types of forests, of which 25.52% is broadleaved, 4.84% is mixed, 2.76% coniferous and the rest is either dry forests, mangrove forests, wetlands, planted forests and scattered-trees forests (INAB-CONAP, 2015). Most broadleaved forests are primary or old-growth. As for coniferous and mixed forests, most are secondary forests. Primary or old-growth coniferous forests are very scarce. (FAO/INAB, 2003).

**Environmental context:** Isolation due to mountain chains and some dry intermountain valleys, which serve as a physical barrier to species in Guatemala, gives a high level of biodiversity (CONAP, 2008). In terms of ecosystem services, Guatemala has at least 12 species of beans, three of which are endemic (*Phaseolus persistentus*, *Phaseolus macrolepis*, and *Phaseolus dumosus*). The same goes for corn species. Of the 14 varieties reported in Central America, only one is not located in Guatemala, which gives it the status of a center of convergence and divergence of species. Guatemala has 192 species of terrestrial mammals. Considering only the species of birds with reproduction in Guatemala, 370 species have been documented, and the presence of 116 additional species is considered possible; a total of 486 species. Other groups such as reptiles and amphibians are highly diverse and endemic. Illegal trafficking and the clandestine use and trade of wild flora and fauna constitute a serious threat to biodiversity, due to the weakness and lack of institutional capacity for its control. By protecting biodiversity, Guatemala has specific laws that protect natural and critical habitats, Decreto numero 4-98, which inter alia assigns to the National Council of Protected Areas (CONAP), shall draw up annual lists of species of Guatemala's wild fauna and flora, threatened with extinction. CONAP registers in its website 341 protected



Map 1. Area excluded from the Program.



areas, totaling 4,171,980.43 ha, classified into: national parks, biological reserves biotopes, monuments natural, cultural monuments, historic parks, use reserves multiple, forest reserves, springs, refuges of wildlife life, natural recreational areas, regional parks, routes and pathways scenic, private nature reserve. As in other mesoamerican countries Guatemalan biodiversity suffers pressures and threats. In addition to the natural and global threats as effects of the El Niño and La Niña phenomenon among the anthropogenic ones stands out: soil erosion, deforestation, pollution, legal felling and illegal, forest fires, introduction of invasive alien species, trafficking of illegal wildlife and the advancement of the agricultural and livestock frontier (CONAP, 2008). The protected areas also suffer anthropogenic pressure. The advance of the agricultural frontier threatens the National Park Sierra de Lacandón, Laguna del Tigre, the Buffer Zone and part of the Multiple Use Zone included in the route from the municipal capital of San Andrés to the community of Carmelita.

**Social context:** Guatemala is a multilingual country, with a total of 25 languages (Mayan, Xinka, Garífuna, Spanish, and others). The ER Program, given that it is nearly nation-wide, includes areas with indigenous peoples: some states with up to 20% presence of IPs, some with around 2%. Although the historical regions of influence of indigenous peoples in Guatemala are very well known, there is no legal status of territories or reserves, nor a specific process to identify communities or indigenous authorities. There is no one single IP representative body representing the IPs, but a stakeholder analysis identified entities that represent local indigenous actors directly involved in forest management, forest governance and forestry projects, such as community forestry networks (for example: ANOFC, ACOFOP, FEDERAFOGUA, PINPEP Beneficiary Network, Utz Ché), municipal offices that support forest administration and women's participation (for example: Municipal Forestry Offices, Municipal Environmental Units, Municipal Women's Departments), regional or local organizations that influence the management of forest resources (for example: FUNDALACHUÁ, ASORECH, ASOCUCH) and which are important for representing local indigenous and non-indigenous actors linked to forest management and forest governance; representatives of groups of women and young people who manage or influence the management of forest resources (for example: AMCO), environmental NGOs (for example: FDN, Calmecac), as well as universities and other academic centers (for example: CECON).

Guatemala faces challenges regarding inequality in land distribution, which give rise to latent social conflict. However, in the last two decades, important institutional efforts have been made to alleviate this problem. The country has identified around 1,577,124 ha of communal lands throughout the country (approximately 15,771 km<sup>2</sup>), which corresponds to 12% of the country's surface. Support programs for land recognition and titling, forest incentive programs such as PINPEP and PROFOR, as well as concessions in the protected areas of the Maya Biosphere Reserve are all examples of actions that have restored historic land property rights to local and indigenous communities and that are directly or indirectly linked to the ERP.

The risk of land titling conflicts, of a restriction of access to natural resources or the use of traditional land will be closely monitored in preparation and implementation of the ERP.

**Underlying activities:** The ERP is an umbrella Program comprising several ongoing underlying activities (9 in total), which are financed by WB, other MDBs, private sectors, government, and bilateral donors. The Program has the flexibility to include new activities during implementation/ after ERPA signing.

Based on the available information, it appears that only 3 of these activities, which are the ones financed by the WB (FIP) or other international donors (IADB: FIP) have been designed with the application of a safeguards framework. Consequences of this fact on the safeguards approach and capacity building needs will be further analyzed during due diligence. If due diligence on the activities reveal that an activity is to not consistent with safeguard instruments and unwilling to comply, such an activity would need to be either retrofitted or excluded from the ER Program.

#### D. 2. Borrower's Institutional Capacity



The ERP will be implemented within the current ENREDD+ governance framework by the Interinstitutional Coordination Group (ICG), composed of four institutions in charge of forests and natural resources: the Ministry of Environment and Natural Resources (MARN), the Ministry of Agriculture, Livestock and Food Supply (MAGA), the National Forestry Institute (INAB) and the National Council of Protected Areas (CONAP). This coordination entity will further be referred to as Program Entity. MARN will take the lead in safeguards supervision and ensuring the compliance of the underlying activities with the ESMF and its related annexes. The ICG, led by MARN, will be reporting on safeguards to the World Bank and at a national level. Staffing and budgeting needs for a technical safeguards team in MARN, but also the other ICG members, will be integrated in the ESMF, including human and technical resources necessary considering the size and scale of the accounting areas and especially for areas that fall outside of programs with donor or Bank support.

The Government of Guatemala is currently developing the “national safeguards system” for managing safeguards across the Program area, at a national level. The supervision of the ERP will be integrated in this national safeguards system. This system relies on existing instruments, instruments under development, and on the national legal and policy framework. It comprises the following 4 processes: 1) Since 2012, Guatemala, in collaboration with IADB, produced a variety of safeguards documents during REDD Readiness and FIP approach design. These include the National Safeguards Approach Document, an analysis of Policies and Governance approaches and how these can be linked to REDD+ implementation, a SESA, an ESMF, and a GRM guidance note for the REDD Readiness. The SESA includes a gap analysis, a legal analysis and recommendations for action, and was consulted with a wide variety of stakeholders (190 people in four regions). These documents will be used as a baseline for the ERP safeguards instruments. 2) Process for the design and implementation of the Safeguards Information System (SIS), a tool for monitoring compliance with REDD+ safeguards. The SIS needs to be designed, tested, evaluated, optimized, and formalized; this step-wise process is meant to be finalized. Institutional arrangements for the administration and management of the SIS are still being defined. 3) Processes for the participation and capacity strengthening of stakeholders through a multi-stakeholder Working Group on Safeguards. 4) Process of communication with the UNFCCC (last submission in 2016): including communication on how the safeguards are being addressed by the reporting modalities agreed under the UNFCCC.

Even though Guatemala has had some forest policy success with community forestry and forest restoration over the past two decades, the institutions leading the supervision of the ERP have become weaker as institutions able to enforce forest policy. While they retain some capacity to oversee environmental regulation (MARN), administer the forest incentives (INAB) and co-manage certain protected areas with grassroots organizations and NGOs (CONAP), they have resources and capacity limitations to counter the constant and growing pressure to forests coming from livestock grazing, subsistence agriculture, and poor governance, and to ensure appropriate forest monitoring and law enforcement.

The preparation of underlying activities (e.g., under FIP investments), as well as the Readiness process for the ER Program for Guatemala has revealed important capacity challenges in regard to safeguards implementation, the Grievance Redress Mechanism (GRM), as well as interinstitutional coordination and consultations with IPs. Limited institutional capacity and financial resources underlie inadequate vertical and horizontal coordination of public policies; imperfect and incomplete allocation of rights to forest lands, land titling and zoning; the limited availability, dissemination, and use of information for decision making and land use planning; and the low level of monitoring, control, and enforcement of land and natural resource use. At the same time, an analysis of the underlying activities has also revealed important capacity challenges by the implementors.

Prior to ERPA signing, there will be an assessment to further identify details on capacity building, staffing and training needs of the implementing and other involved agencies. It will consider, in particular: (i) the new areas of substantive coverage of the World Bank’s Environmental and Social Framework (ESF), as compared to the World Bank safeguards and the national/regional framework (particularly in relation to the 3 (of 7) underlying activities in the ERP area that have been developed considering only the national/regional framework); (ii) the ability of the technical REDD+ team to



effectively manage the execution and operation of the Program in line with the objectives of the ESF, and (iii) its capacity to monitor and report on the preparation of any requisite safeguard instruments at the ER Program activity level. Any capacity strengthening measures after ERPA signing will be reflected in the Environmental and Social Commitment Plan (ESCP).

The focus of the supervision responsibilities of the World Bank, as Trustee of the FCPF, will be on the performance of the Program’s safeguards system (which will integrate the necessary safeguard documents to comply with the ESF). The Program Entity will need to assure this system and related documents are implemented in a satisfactory manner. The World Bank will not supervise the safeguards aspects of all individual underlying activities of the ER Program. The ESCP will include specific provisions on third party monitoring to determine level of adherence of underlying activities with safeguard documents and the Program Entity’s risk management system. World Bank will review the information from third-party monitoring and the GRM, along with the Program’s Entity’s self-reporting to determine whether or not to make the ER payments under the ERPA to the Program Entity.

## II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

### A. Environmental and Social Risk Classification (ESRC)

#### Environmental Risk Rating

HIGH

The Project is not likely to generate a wide range of significant adverse risks and impacts on the environment. The risks and impacts themselves are mostly temporary, predictable and/or reversible. There is a low probability of serious adverse effects on the environment, and the effects of the Project on areas of high value or sensitivity are expected to be positive, given the mainly environmental conservation characteristic of the project, reducing emissions from deforestation and forest degradation. Nevertheless, given the innovative and market-based nature of the instrument and the limited capacity of the Program Entity, it is classified as high risk.

The potential adverse risks and impacts on the environment are related to the implementation of infrastructures such as the opening of new paths, the establishment of fences, forestry, agroforestry, reforestation, restoration of areas, community management and strengthening of selected natural resource-based value chains and sustainable production of local communities.

The risks and impacts that are being identified in the ESMF. The ESMF will be drafted prior to Bank appraisal and finalized before ERPA signing.

#### Social Risk Rating

HIGH

The social proposed risk classification for the ER Program is High under the World Bank ESF. The ERP for Guatemala covers an area with activities that are a) financed and implemented under the supervision of the World Bank (FIP, DGM); b) financed and implemented by/under the supervision of other MDBs, bilateral donors, private sector, or the governments themselves; and c) carried out in the ER Program Accounting Area which may in some way contribute to the generation of emission reductions but are not part of the ER Program. This means that there are a number of factors outside the control of the Program that could have a significant impact on the ES performance and Program outcomes.

Based on the analysis of the underlying activities of the ER Program and discussions with the government, the ER Program per se is not likely to cause significant negative impacts on human populations. On the contrary it is expected



to have positive impacts on vulnerable and systematically excluded groups through better forest governance, more inclusive decision making of e.g., forest concessions, an increase in employment and business opportunities due to the reduction of illicit forestry activities and the improvement of the livelihoods of people with small land properties. Furthermore, the ERP activities will foster the adoption of sustainable and productive land-uses. It is also expected to enhance livelihoods through a more coordinated support from various public programs that would generate increased revenues from sustainable practices (agriculture and forestry), thus generating rural employment. Impacts on physical, cultural, and/or archeological sites, economic displacement, land acquisition or resettlement are thought to be minimal and will be analyzed in depth during preparation. Furthermore, a strong focus will be put on the capacity building of the safeguards team of the PIU, which will foster the continuity of social considerations, gender and inclusion throughout and after the life cycle of the underlying activities.

However, the project is very large in scale (basically nation-wide), Guatemala has history in weak law enforcement especially in the north related to forest management, the PIU has limited past experience regarding safeguards supervision, and there is an important contextual social risk associated with possible local social conflicts stemming from the distribution of the benefits of the Payments for Results/benefit sharing schemes. Furthermore, the social context in Guatemala is sensitive from legacy issues around land tenure and land grabbing, coupled with competing interests and demands of different land holders and people without land title, and illegal logging activities. Furthermore, there are risks identified related to indigenous territories and forms of forest administration; and restrictions of access to natural resources or protected areas traditionally used by local communities.

To manage social risks, Guatemala shall implement the ERP through a participatory approach and apply citizen engagement and beneficiary feedback mechanisms. This will help create timely feedback loops and ensure inclusion and active participation of beneficiaries from vulnerable groups in order to avoid any kind of discrimination. The Stakeholder engagement process is expected to provide inputs to generate strategies to avoid, minimize or mitigate the risks mentioned above. To avoid conflicts impacting program activities, the Project Team will closely supervise INAB and CONAP's definition of rules/procedures to design projects outside and inside protected areas (i.e., other than internationally certified REDD+ projects). INAB and CONAP will elaborate such regulations with support from a World Bank operation currently under preparation (Forest Governance and Livelihoods Diversification, P167131). Each project will have a benefit-sharing plan which project proponents should publicly disclose; this would minimize conflict over ERPA benefits distribution. During implementation, the Project Team will closely supervise INAB's report on FGRM implementation, make field supervision, and timely recommendations to manage potential conflicts.

Furthermore, the risks identified for the social side will be mitigated through a Process Framework (PF), an IPPF (given IP presence) and an RPF (to avoid or mitigate economic losses or resettlement). All the safeguards instruments (incl. the ESMF) will include an exclusion list to avoid adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation. The instruments will be drafted prior to Bank appraisal and finalized before ERPA signing.

There will be the need for an in-depth stakeholder involvement during ER Program preparation and its life cycle. The Stakeholder Engagement Plan (SEP) will put a strong focus on inclusive stakeholder management, and the ER Program Document and its benefit sharing plan (in preparation) shall be managed through a participatory approach and apply citizen engagement and beneficiary feedback mechanisms. This will help create timely feedback loops and ensure inclusion and active participation of beneficiaries from vulnerable groups to avoid any kind of discrimination. Furthermore, from the FIP projects in the ERP area, an underlying activity, there is a locally-accessible GRM, which will





be further strengthened and expanded during ERP implementation. The FGRM will be managed by MARN, and supported and accessed through the regional and departmental offices of INAB, MAGA, MARN and CONAP. From the moment a grievance or question is received until a resolution is issued, no more than 30 working days shall elapse. A systematic process is followed that consists of five steps: i) Receipt and registration, ii) Investigation, iii) Selection, iv) Evaluation and Response, v) Monitoring.

If due diligence reveals that an underlying activity is not consistent with the safeguards instruments, such an activity would need to be either retrofitted (in case of ongoing activities) or excluded from the ER Program. This level of due diligence is necessary to ensure that, at the time of ERPA signing, the ER Program only includes the ER Program activities that are consistent with the ERP-ESMF and its related instruments.

## **B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

### **B.1. General Assessment**

#### **ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

##### ***Overview of the relevance of the Standard for the Project:***

The Standard is relevant. The ER Program is expected to generate benefits for local communities through the adoption of sustainable and productive land uses, as well as significant positive impacts on forest conservation, as it aspires to tackle the main direct drivers of deforestation and forest degradation to promote emissions reductions. However, the specific underlying activities over which the overall ER strategy is based, pose potential direct and indirect social and environmental risks and impacts that can be mitigated and managed.

The Environmental and Social Screening during Concept Note stage identified that the ER Program's underlying activities will generate overall positive impacts related with landscape restoration and promote sustainable and resilient land use practices. However, there is an important contextual social risk associated with possible local social conflicts stemming from the distribution of the benefits of the Payments for Results/benefit sharing schemes. Furthermore, the social context in Guatemala is sensitive resulting from legacy issues around land tenure and land grabbing, coupled with competing interests and demands of different land holders and people without land title, and illegal logging activities. Furthermore, there are risks identified related to legacy issues of restrictions for indigenous populations of traditional access to natural resources, and local social conflicts for distribution of the benefits of Payments for Environmental Services. In order to avoid the risk of displacement of emissions or increased conflicts in surrounding areas, specific mitigation actions are foreseen, such as the creation of community control and monitoring mechanisms, Master Plan in preparation of community socio-economic diagnoses, Institutional Strategic Plan (PEI) in force until 2027 and others. It is expected that the best practices in forest management will be incorporated into the projects already underway and those that will be in the accounting areas.

Some of risks and impacts considered in SESA are:

- Insufficient institutional management and execution capacity of the Government institutions. For this purpose, institutional strengthening actions are predicted and will be incorporated in the management plans of the Program;
- Political and community opposition. Mitigation responses are foreseen through activities of communication, community participation and engagement, during all stages of the project;



- Risk of a promotion of activities that can encourage the conversion of natural forests to plantations or other. Mitigation measures are predicted to promote a line of work that encourages the use of natural forests as an emission reduction activity, involving SIGAP since it contains most of the country's natural forests;
- Carbon leakage effect which will be mitigated by the use of the leak identification framework applied throughout the national territory;
- Natural disasters and other contingencies, that demand prevention and mitigation measures as early warning systems and contingency plans; and
- Limited participation of vulnerable groups such as indigenous peoples, communities linked to forest management, among others. This risk can be mitigated with the use of governance structures that allow the participation of vulnerable groups such as the Forestry Tables, the Network of Beneficiaries of PINPEP, the creation of the National Committee for Environmental and Social Safeguards with the participation of multiple actors.

These risks can become impacts if they are not well identified and mitigated and if the Program Entity is not sufficiently trained in the implementation and supervision of the ERP-ESMF, or if enough resources to do so are not available.

To exclude conflict zones, per Carbon Fund Participants' requirements to Guatemala, INAB will report, in a separate annex to the ER Monitoring Report, on emissions from deforestation in Triángulo de la Candelaria y Laguna del Tigre outside the ER Program Accounting Area ("Outside Area") based on the National Forest Monitoring System. In the event that such emissions are (i) significantly higher than the baseline emissions for the Outside Area at the time of first verification, and (ii) the Trustee determines, in its reasonable opinion following consultation with the Program Entity, that such emissions have occurred as a consequence of land-use activities moving from inside the ER Program Accounting Area to the Outside Area ("Displacement"), the ERPA will also require the Program Entity to prepare a mitigation plan to improve the measures described in the ER-PD that are taken to address the risk of Displacement. The measures set out in the mitigation plan will be monitored during the following reporting period to assess if the measures have been implemented with reasonable efforts, and whether the minimum contract volume for the reporting period needs to be adjusted.

The GHG accounting system will not exclude any other potential conflict zone beyond the areas already excluded from the ERP accounting area. However, the Government of Guatemala could report any issue affecting the possibility of transferring the titles to Emission Reductions (ER) from the owners to the Government of Guatemala, including land-tenure or land-use disputes. Notwithstanding, the ERP design minimizes the risk of conflicts over ER ownership by building on long-standing forest incentive programs that have precise requirements on demonstration of land tenure or land-possession. Guatemala would receive ERPA payments only against the number of ERs for which can transfer the titles to the Carbon Fund.

Guatemala carried out a full-scale Environmental and Social Assessment for the forest sector, as well as a SESA and ESMF for the National REDD+ Strategy. The ESMF analyzes the potential risks and impacts of the REDD+ actions at a macro level and proposes general management measures. As such, it does not address the specific potential environmental and social impacts of the already defined and ongoing REDD+ projects (including underlying activities under the ER Program umbrella), but rather provides a basis for the development of the corresponding necessary instruments: the current SESA and ESMF, together with other existing safeguards instruments of the underlying activities financed by international donors or organizations (WB, IDB, government, and others) will be assessed by the Bank as part of its due diligence process. This assessment will help inform the gaps between current safeguard





instruments and ESF requirements and the results will be used by the Program Entity for the development of a specific ERP-ESMF, and corresponding environmental and social guidelines for the ER Program's underlying activities, as well as the benefit sharing mechanism. The Benefit Sharing Mechanism for the ER Program Guatemala is currently being prepared. The ERP-ESMF will provide means for safeguarding only the activities under the ER Program umbrella, in line with the requirements of the Bank's ESF. The ER Program's underlying activities will be safeguarded through an ESMF and other frameworks (RPF, IPPF, PF, etc.) whose supervision responsibility, for projects outside of Bank financing, lies with the Program Entity. Plans will be required for those underlying activities that pose specific risks and impacts related to the provisions of particular ESSs (under the premise that underlying activities not consistent with the ERP-ESMF will need to be either retrofitted or excluded from the ER Program). If due diligence reveals that an underlying activity is to not consistent with the safeguards instruments, such an activity would need to be either retrofitted (in case of ongoing activities) or excluded from the ER Program. This level of due diligence is necessary to ensure that, at the time of ERPA signing, the ER Program only includes the ER Program activities that are consistent with the ERP-ESMF and its related instruments.

The ERP-ESMF and its annexes will contain guidelines for the preparation of site-specific safeguards instruments during the ER Program implementation phase, which will be required for those underlying activities that pose specific risks and impacts related to the provisions of particular ESSs. The ESMF will include i) an exclusion list of activities, such as the introduction of invasive species in plantations, or the land titling over regional conservation areas; ii) a screening plan to identify, avoid and mitigate any potential negative environmental, health, safety, and social impacts associated with underlying activities; iii) a process for categorizing, in terms of expected level of environmental and social risk, and assessing and safeguarding future potential underlying activities to be included under the ER Program; iv) good practices for potential activities such as community forestry, sustainable management of forest landscapes, guidelines for sustainable exploitation of timber and non-timber products, productive reconversion, national and international certification, value chain development, access to markets, and certification processes, as well as for the preservation of critical natural habitats sustained by these forests, inter alia. Furthermore, measures will be included to ensure that program activities do not intensify conflicts and to avoid that conflicts impacts program activities and staff. The ERP also builds on considerable experience by Civil Society Organizations and the National Protected Area Commission (CONAP) implementing community-based REDD+ projects, which have been certified by the Forest Stewardship Council (FSC), the Voluntary Carbon Standard (VCS) and the Climate, Community, Biodiversity (CCB) Standard. The ERP includes these existing projects, as well as new individual or grouped projects, led by NGOs alone or NGO-CONAP partnerships. New community-based projects will apply best practices that reduce conflicts among project participants, including the participatory design of forest and land-use plans, forest governance measures (i.e. community-based forest monitoring), and benefit-sharing plans, among others. INAB will monitor and certify those projects implemented outside protected areas that, because of their size, will not seek the certification of the abovementioned voluntary international standards; CONAP will do it for projects (called environmental services concessions) within protected areas. Furthermore, the project will have a Feedback Grievance Redress Mechanism (FGRM), which will have its operations manual and ruling.

The ER Program has the flexibility to include activities during ER Program implementation. In this sense, the ERP-ESMF will include a process to screen/evaluate such activities to ensure that they will be implemented in a manner consistent with the environmental and social safeguard provisions of the document.

The ESMF and its corresponding ERP annexes (RPF, IPPF, PF, Pest Management Plan, Labor Management Plan, Biodiversity Action Plan, Cultural Heritage Management Guideline, Labor related GRM and FRGRM) are in preparation stage and will be finalized before ERPA signing (see table 1 in Part III of this ESRS). The ERP-ESMF and its annexes guiding the development of specific instruments will be integrated into the "national safeguards system" to ensure ER Program



implementation consistent with the World Bank's ESF (tbd where the system will sit, INAB or CONAP). The focus of the supervision responsibilities of the World Bank, as Trustee of the FCPF, will be on the performance of such system to assure ESF compliance, and not on supervising the safeguards aspects of all individual underlying activities of the ER Program.

The ESCP will include specific provisions on third party monitoring to determine level of adherence of underlying activities with ERP-ESMF and Guatemala's risk management system. World Bank will review the information from third-party monitor, along with Guatemala's self-reporting and GRM information, to determine whether or not to make the ER payments under the ERPA to the Program Entity.

The draft ERP-ESMF and annexes will be disclosed and submitted for consultation prior to ERPA signing in-country with relevant stakeholders and on the WB's external web site. Given the social risks, outreach to target groups, particularly indigenous peoples, will be important.

**Areas where reliance on the Borrower's E&S Framework may be considered:**

The Program will not rely on country systems, but rather on the WB ESF through the design and implementation of the ERP-ESMF.

**ESS10 Stakeholder Engagement and Information Disclosure**

This Standard is relevant. The Readiness phase which led to the draft SESA and ESMF implemented a broad and strong stakeholder engagement process. The ER Program and its related Stakeholder Engagement Plan (SEP) will build upon this long-standing continuous engagement.

Given the nearly nation-wide reach of the ER Program, beneficiaries and stakeholders who will be consulted and considered for the SEP include the regional governments and actors such as community groups, indigenous peoples, and small and medium-sized producers. Potential stakeholders also include private enterprises and NGOs that operate in the jurisdiction, and whose actions contribute to the achievement of the ER Program's objectives, to the extent that they act through public-private alliances and/or public-private-communal alliances that help to promote low-emissions development. There is no one single IP representative body representing the IPs, but a stakeholder analysis identified entities that represent local indigenous and non-indigenous actors directly involved in forest management, forest governance and forestry projects, such as community forestry networks (for example: ANOFC, ACOFOP, FEDERAFOGUA, PINPEP Beneficiary Network, Utz Ché), municipal offices that support forest administration and women's participation (for example: Municipal Forestry Offices, Municipal Environmental Units, Municipal Women's Departments), regional or local organizations that influence the management of forest resources (for example: FUNDALACHUÁ, ASORECH, ASOCUCH) and which are important for representing local indigenous and non-indigenous actors linked to forest management and forest governance; representatives of groups of women and young people who manage or influence the management of forest resources (for example: AMCO), environmental NGOs (for example: FDN, Calmecac), as well as universities and other academic centers (for example: CECON). Through their local representatives, these groups will be reached and consulted with before ERPA signing. Extensive consultations have already taken place on the program as a whole, but the instruments will also be presented in at least 5 accessible sites in Guatemala, with transport and interpretation provided as necessary.

Guatemala will prepare a Stakeholder Engagement Plan (SEP) that will accompany the ER Program's preparation and implementation phase. The SEP will be consulted and disclosed before Bank appraisal rather than prior to ERPA signing.



The SEP will outline a) who the key stakeholders are; b) how they will engage with them, especially regarding indigenous peoples' representatives, members of the afro descendant communities (if applicable), women of all ethnicities, and other vulnerable groups; c) how often the engagement will occur throughout the ER Program; d) how feedback will be solicited, recorded and monitored over the ER Program; e) who will be responsible with this engagement; f) timeline for this engagement; g) budget and human resources, among other details. To avoid or minimize the risk of leaving certain vulnerable groups behind, the SEP will describe the measures that will be used to remove obstacles to participation in the benefits of the ER Program, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable, focusing on IPs and small farmers without formal organizations. Dedicated approaches and an increased level of resources may be needed for communication with such differently affected groups such as remote and dispersed populations so that they can obtain the information they need regarding the issues that will potentially affect them (positively or negatively). The stakeholder engagement process already began, will be continued before EPRA signing and will guide the ER Program through implementation. Concerns by stakeholders regarding specific programmatic aspects or design, e.g., pertaining the northern part of the country and spillovers, as well as participation mechanisms and land tenure, have been addressed in meetings, and further stakeholder concerns will be addressed during consultations before appraisal and through the SEP. Feedback will be integrated into the SEP.

The existing Grievance Redress Mechanisms developed by INAB for Readiness will be further strengthened during preparation in order to better receive and facilitate resolution of concerns and grievances and ensure agility, access, prompt response timeframes, and respect for confidentiality. The FGRM will be managed by MARN, and also be accessible and coordinated through the regional and departmental offices of INAB, MAGA, MARN and CONAP. From the moment a grievance, question or complaint is received until a resolution is issued, there shall elapse no more than 30 working days. A systematic process is followed that consists of five steps: i) Receipt and registration, ii) Investigation, iii) Selection, iv) Evaluation and Response, v) Monitoring.

## B.2. Specific Risks and Impacts

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

This Standard is relevant, based on the underlying activities of the ER Program. The ER Program for Guatemala will be implemented primarily by government staff from the Ministries (Finance, Environment, Forest, Protected Areas, Agriculture). In line with ESS2, where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there is an effective legal transfer of their employment or engagement to the project. ESS2 applies to government civil servants related to the project in regard to provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety). These will be covered by the ESMF when project-related.

At the same time, according to the available information, ER Program underlying activities include also small-scale community-based projects, and projects where most activities are carried out by contractors and subcontractors. In this sense, the ER Program and the underlying activities may encompass the hiring of different types of workers (direct workers, community-based labor, consultants). A focus will be put to hire local workers when possible. In the case of



community labor, the Program Entity will assess whether there is a risk of child labor or forced labor, identifying those risks consistent with paragraphs 17 to 20 of the ESF. The stand-alone Labor Management Procedure will include specific provisions for each type of expected labor, also including the prevention of child labor and provisions for workers working in conflict regions. The LMP would serve as the basis for preparation of more specific Labor Management Plans as needed during implementation, applying any requirements that are relevant given the nature of the activity. This includes: terms and conditions of employment, non-discrimination and equal opportunity, and the establishment of workers' organizations. It will also include codes of conduct. The Bank will advise with INAB to make a Grievance Redress Mechanism (GRM) available to workers during Program implementation.

The number of workers is not known at this time. Foreign labor influx related impacts are not expected; a focus will be put on hiring local staff. The ER Program will promote transparency in terms and conditions of employment, nondiscrimination and equal opportunity where possible. The Government will develop labor management procedures consistent with national legislation and ESS 2, including the recruitment and project job management procedure.

Relevance of this ESS will be further assessed during preparation when a more detailed description of the underlying activities is available. During ERP implementation, the LMP will be revisited and updated as required and as additional labor related risks or issues unfold.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

The standard is relevant. The ER Program aspires to tackle the main direct drivers of deforestation and forest degradation to promote emissions reductions. The achievement of the PDO will be measured against indicators which include the volume of CO2 Emission Reductions measured and reported by the Program Entity, verified by a Third Party, and transferred to the FCPF Carbon Fund (tCO2e).

This ESS is relevant in a precautionary way in cases where some of its underlying activities may pose a risk of environmental pollution and degradation of natural resources (soil, water). These include commercial reforestation and commercial agroforestry, use of technologies, equipment, and inputs through technical assistance, implementation of community development plan and community forestry management systems, among others. These activities may generate environmental pollution and degradation by an inadequate: (i) use of pesticides and agrochemicals; (ii) consumption of water resources and consequent degradation of water quality and quantity (affecting users downstream); (iii) use of gas and oils for equipment; etc. The fact that these activities are likely to involve smallholders (less equipped to handle/manage potentially dangerous chemicals) makes it particularly important to include appropriate guidance and provisions in the ERP-ESMF. The ERP-ESMF will also include specific measures to prevent and mitigate the pollution of natural resources, mainly soil and water, when handling hydrocarbons (oil and gas) for equipment in forestry and agroforestry activities.

The ERP contains mainly underlying activities which support sustainable forestry activities. The ERP's ESMF will stipulate that underlying activities will avoid the use of prohibited pesticides at the national level and those prohibited in the international lists that are applicable. An Integrated Pest Management Plan is to be prepared as part of the ERP-ESMF to support the planning and pilot production activities. Substantial measures on training and provision of necessary equipment, including PPE, should be considered in the budgeting for ESMF/IPMP implementation.

### **ESS4 Community Health and Safety**

This standard is relevant. The ERP-ESMF will consider the potential risks and impacts to community health and safety from ER Program implementation and operational stages and guide the development and implementation of specific



safeguards instruments, including emergency plans, particularly in regard to emergencies from exposure to climate vulnerabilities (e.g., forestry fires, floods, and landslides) and man-made hazards (e.g., emergencies from exposure to pesticides and agrochemicals, and accidents due to unsafe use of equipment during forestry activities). To address these risks, the ERP-ESMF will include:

- (i) specific language on the prevention of incidents and accidents due to unsafe use of equipment and technology, including particularly training and capacity building measures.
- (ii) Specific language on non-discrimination and a harassment-free workplace.
- (iii) Core principles of ESS4 will be considered in the Integrated Pest Management described under ESS3.
- (iv) provisions on Emergency Responses related to climate disasters.
- (v) specific language on the prevention of violent encounters and accidents/fatalities during forestry supervision, an activity promoted under the ER Program's underlying activities.

There may be a need to improve accessibility to Program buildings and offices for the public. Some modifications may be necessary for facilitating access to program information and systems to people with special needs. A specific road safety plan or gender-based violence plan will not be necessary, as safety and harassment-related specificities will be included in the ESMF.

Relevance of this ESS will be further assessed during preparation when a more detailed description of the underlying activities is available.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The standard is relevant. The ER Program is expected to lead to improved forest cover, maintain titling and sustainable forest management, and no expansion of the agricultural frontier. The ER Program will not finance large-scale physical infrastructure and is not expected to cause physical displacement to formal or informal occupants. No involuntary land taking or voluntary land donation will be financed. However, the ER Program underlying activities include land tenure activities (investment in resolution of land-tenure issues, titling, and formalizations) or could lead to the reduction or restriction of access to legally designated parks and protected areas. It is not expected that the ER program activities or the BSP could lead to loss of land. Underlying activities, however, could lead to the loss of economic assets.

Decisions on any implemented activities will be sought through the participation of communities, Indigenous Peoples, and municipalities, and in case economic assets are lost temporarily or longer-term, it will be communicated on time and in an inclusive manner. However, there could be the case that for some community members, these arrangements might be involuntary. Thus, a Resettlement Policy Framework (RPF) and a Process Framework (PF), (in the case of reduction or restriction of access to legally designated parks and protected areas), will be drafted by the client prior to appraisal and finalized prior to ERPA signing. Both documents will outline the procedures the client will follow during ER Program implementation in order to define impacts covered under ESS 5, i.e., provide guidance on when and how to draft plans when necessary: The RPF will be prepared by the client outlining the procedures the client will follow during the implementation of the underlying activities in order to clarify resettlement principles, Livelihood Restoration Plans, organizational arrangements, and design criteria to be applied in case of economic losses.

The PF will describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities and appropriate due diligence processes will ensure that potential land disputes and customary tenure conflicts are identified, avoided and/or addressed. Both frameworks will take into consideration



cultural knowledge and will be consulted through participatory consultation processes in the ER Program areas and the capital before ERPA signing. Feedback from the consultations will be integrated into the PF and RPF.

The instruments will also describe the process for resolving disputes that may arise between or among affected communities.

The instruments will include an exclusion list to avoid adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation by IPs.

Relevance of this ESS will be further assessed during the preparation when a more detailed description of the underlying activities is available.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This standard is relevant because many of the activities support forest management and conservation, including in legally protected areas, natural and critical habitats that are the habitat of endangered, migratory, and threatened species. Some activities will focus on forests, their protection/management as well as community linkages and use of these resources and nontimber forest products. The ESMF is assessing possible risks to natural and critical habitats to ensure that program activities carried out in these areas will be consistent with ESS6 guidelines. To address the mentioned risks, the ERP-ESMF will include:

- (i) A list of ineligible activities under the ER Program umbrella, including (particular relevant for this ESS): (a) any activity that may produce adverse impacts on critical natural habitat (Classified with information available from GOG) in accordance with the criteria set out in ESS6; (b) the introduction and/or promotion of use of invasive species and/or non-native species (not currently established in the region) on reforestation and agroforestry activities. Where alien species are already established in the region, the underlying activities implementors will undertake diligence in not spreading them into areas in which they have not already become established; (c) land use change from non-disturbed forests (to be classified by structural parameters such as size, stratification, presence or absence of significant disturbances by specific studies already performed or mapped by Marena), to plantations, agroforestry systems, and silvopastoral systems. These will be located on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project);
- (ii) A screening plan for activities to identify potential negative impacts on biodiversity even from allowable activities.
- (iii) A process for categorizing (in terms of expected level of environmental risks and impacts), and assessing and safeguarding future potential underlying activities to be included under the ER Program. Underlying activities that pose adverse impacts over critical natural habitats will not be financed (ineligible activities).
- (iv) Procedures to determine the need for development of site-specific assessments and guide the implementation of safeguard measures, adequately applying the Mitigation Hierarchy and following GIIPs. Such measures include: guidelines for sustainable exploitation of timber and non-timber products and avoid overexploitation; measures for forest fire prevention and control practices; procedures for preventing hydrological changes and consequent impacts on water users downstream of the areas of intervention; measures to ensure that any activities undertaken in legally protected areas and areas of internationally recognized biodiversity importance are consistent with the area's protection status and and/or management and designation objectives; among others.
- (v) Guidelines for the development and implementation of Forest Management Plans (FMP), which should take into account the requirements of the ESS6 (refer to Table 1, Section II), for both commercial and small





scale activities, required for those specific underlying activities that include the promotion and development of forestry plantations, agroforestry systems, reforestation activities and community-based forest management for timber and non-timber products. Relative weak capacity was identified with institutions related to agricultural, forestry and natural resources activities and forest and natural resources conservation (MAGA, MARN, INAB, CONAP) as well as municipalities. Therefore, the FMP has as one of the objectives the strengthening of the institutions that include increased financing and human resources to be able to approve and supervise underlying programs adequately.

- (vi) Guidelines for the development and implementation of a Biodiversity Action Plan (BAP-Guidelines, (refer to Table 1, Section II), required for those specific underlying activities that pose adverse residual impacts on natural and critical natural habitats and the biodiversity they support. The BAP will have a strong focus on the implementation of biodiversity offset measures where and as needed, in line with requirements of Paragraphs 15-18 of ESS6. Including a specific session on invasive species, their risks to biodiversity and the requirements to ensure that the actions of the Program do not introduce these species or increase the pressure of ecosystems on them
- (vii) Activities to strengthen the relevant Government institutions and stakeholders to comply with this standard and the corresponding provisions to be included in the ERP-ESMF.

Sustainable management of living natural resources: Since the ER Program's underlying activities involve primary production and harvesting of living natural resources, the Program Entity will assess the overall sustainability of these activities, as well as their potential impacts on habitats, biodiversity and communities (including cumulative impacts). In the case of small-scale forestry activities, these will follow principles of this ESS in regard to time-bound planning for achieving sustainable management. Regarding commercial forestry plantations, the Program Entity will ensure such operations are certified according ESS6 requirements. ERP-ESMF will include language on these requirements.

Primary producers: Underlying activities related to the establishment of plantations, agroforestry systems, and silvopastoral systems, may entail the purchase of plants, seeds or other products such as wood that are known to originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats. The ERP-ESMF will include an evaluation of the systems and verification practices used by the primary suppliers (mainly nurseries). According to the obtained results, the Program Entity will establish systems and verification practices in line with requirements of Paragraph 38 of ESS6.

Some of the main gaps related to ESS6 are: i) there is no national regulation regulating the extraction of forest resources in areas critical for the conservation and connectivity of ecosystems. Under the Protected Areas Law, harvesting is not permitted in critical areas for the conservation and connectivity of ecosystems (special protection areas due to their high concentration of biological diversity). Monitoring is carried out in accordance with the Master Plan and is governed by the management category stipulated in the Law (core zone, buffer zone, biotope, definitive area zone); ii) there is no Water Law; iii) There are no national regulations on invasive species. The existing regulation prohibits planting exotic forest species within protected areas, which are not necessarily invasive; iv) There are no specific regulations for impacts on the soil for forestry activities.

Relevance of this ESS will be further assessed during the preparation when a more detailed description of the underlying activities is available.

## **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**





This standard is relevant. The ERP will apply ESS7 as a large segment of the beneficiaries are expected to be indigenous peoples and local communities. In some parts of the underlying activities, more than half of the beneficiaries are IPs. In the South of the country, around 2% of the population are of IP origin.

It is not expected that the underlying activities of the ERP will have a negative impact on indigenous peoples or other minorities. The main challenges stem from the need to ensure that the underlying activities take into consideration IPs in line with ESS7. Furthermore, it is important to: (i) improve targeting of indigenous peoples, particularly those in areas of difficult access such as the North of Guatemala, (ii) support communication and outreach challenges due to geography, culture, and at times, language, (iii) ensure that access to services is provided in a culturally adapted manner and that necessary institutional strengthening of the PIU at the various levels is done, and (iv) strengthen grievance redress mechanisms tailored to indigenous people's customs.

Given that less than the majority of underlying activities beneficiaries are IPs, an Indigenous Peoples Framework (IPPF) will be prepared, consulted, and disclosed before ERPA signing. The IPPF will use as a baseline the social assessment done for the Readiness Process (SESA), as well as for the FIP (WB-financed underlying activity) and will moreover analyze social impacts of the ER Program on the additional areas. The IPPF will identify the potential positive and negative impacts on IPs and provide recommendations on how to screen for them and avoid them, but also how to promote IP participation in ER Program and benefits. It will contain specific guidelines on culturally adequate consultations/dialogues, as well as measures to ensure joint planning, capacity building and culturally-inclusive implementation of activities, promoting equally distributed benefits for the population, including women and youth. In addition, the IPPF will establish guidelines and criteria for the preparation of Indigenous Peoples Plans (IPPs), to be drafted when required and during implementation once concrete activities require it. The IPPs will be developed in line with ESS7 and will describe the specific actions, budgets, and indicators and will encourage inclusion of affected Indigenous Peoples and communities during their implementation.

The consultation of the IPPF will complement a long-standing stakeholder consultation process which started with Readiness. In total, for Readiness, more than 50 consultations took place. For some of the underlying activities (FIP) another 5 consultations took place. Furthermore, the ER Program is currently being presented all over the intervention area. The Stakeholder Engagement Plan (SEP) will put a strong focus on inclusive stakeholder management, especially for IPs and local communities. The ER Program Document and its benefit sharing plan (in preparation) shall be managed through a participatory approach and apply citizen engagement and beneficiary feedback mechanisms. This will help create timely feedback loops and ensure inclusion and active participation of beneficiaries from vulnerable groups to avoid any kind of discrimination. Furthermore, from the FIP projects in the ERP area, an underlying activity, there is a locally-accessible GRM, which will be further strengthened and expanded during ERP implementation. The FGRM will be managed by MARN, and supported and accessed through the regional and departmental offices of INAB, MAGA, MARN and CONAP.

The IPPF will be consulted together with the other ER Program safeguards documents, in the capital and at least 6 sites in the country, in a culturally-sensitive manner, with IP communities and/or their representatives, as appropriate, to ensure communities' broad support to the ER Program. Feedback will be integrated into the IPPF. The IPPF will be disclosed, online and in a location accessible to potentially affected communities, prior to ERPA signing.

All the safeguards instruments (incl. the ESMF) will include an exclusion list to avoid adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation.

Relevance of this ESS will be further assessed during the preparation when a more detailed description of the underlying activities is available.



**ESS8 Cultural Heritage**

The Standard is Relevant. The ERP will focus on forestry activities, the improvement of livelihoods, and sustainable land management practices. Underlying activities screening and procedures for chance finds, including sacred sites, will be considered through a Guideline on Cultural Heritage, which will be an annex to the ESMF. The Guideline on Cultural Heritage will include sacred groves or forests in light of the actions supported by the program and provisions of ESS8. The Client will place particular importance on the municipalities of the Petén department where there are several pre-Columbian archaeological sites, which can be protected and potentiated to develop low-impact community tourism and contribute to reducing poverty in rural areas.

**ESS9 Financial Intermediaries**

The Project will not work with financial intermediaries thus will not apply ESS9.

**B.3 Other Relevant Project Risks**

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

The Project will not affect international waterways as defined in the Policy. Therefore, this Policy is not triggered.

**OP 7.60 Projects in Disputed Areas**

The Policy is not triggered because the Project will not be implemented in areas known to involve disputed areas.

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** NO

**Financing Partners**

N/A

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

The Program Entity will develop a specific ERP-ESMF, together with individual guidelines for the preparation of site-specific safeguards instruments, which will safeguard the underlying activities under the ER Program umbrella, in line with the requirements of the Bank’s ESF. The documents will be drafted prior to Bank appraisal and finalized before ERPA signing.

Table 1 below summarize the diferent assessments and safeguard instruments required.

**Table 1.** Required Environmental and Social safeguards instruments

E&S safeguard assessments and instrument	Applicable Standard	Type of Document	Due date	Responsible
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1	Environmental and Social Management Framework (ERP-ESMF)	All	Stand-alone, with subsequent annexes	drafted prior to Bank appraisal and finalized before ERPA signing	Client
2	Integrated Pest Management Guidelines (IPM-Guidelines)	ESS 3	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
3	Guidelines for a Biodiversity Action Plan (BAP-Guidelines)	ESS 6	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
4	Guidelines for Labour Management Procedures (LMP-Guidelines), including code of conduct	ESS 2	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
6	Guidelines for Forest Management Plans, for both commercial and small-scale activities	ESS 6	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
7	Guideline on Cultural Heritage	ESS 8	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
8	Indigenous Peoples Framework (with subsequent IPPs where necessary)	ESS7	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
9	Resettlement Policy Framework (RP-F)	ESS5	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
10	Process Framework in case restriction of access to natural resources occurs	ESS5	Annex to the ERP-ESMF	drafted prior to Bank appraisal and finalized before ERPA signing	Client
11	Stakeholder Engagement Plan (SEP)	ESS 10	Stand-alone	Finalized by appraisal	Client with WB
12	Capacity building program for MINAM, based on the results of the capacity assessment to be conducted by the Bank.		Stand-alone	During implementation	WB and/or third-party

Based on previous conversations with the government, it is expected that the development of the ERP-ESMF and corresponding specific guidelines will be conducted as part of Guatemala’s ERPD preparation. The documents will be drafted prior to Bank appraisal and finalized before ERPA signing.

Due diligence will confirm the specific safeguard instruments that are needed (as more detailed description of the underlying activities is available and relevance of ESSs is further assessed), and will inform the design of the E&S safeguard assessments and instruments included in Table 1.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

The ESCP will address the implementation and subsequent drafting of Plans, as applicable. It will also include:

- Consultation and disclosure needs and timelines.
- Regular Reporting: need of preparing and submitting regular monitoring reports on the implementation of the ESCP.
- E&S systems performance will be done through a third party to determine level of adherence of underlying activities with ERP-ESMF and INAB’s risk management system. Positive results will be required prior to approving ERPA payments.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

November 2019

**IV. WORLD BANK ES OVERSIGHT**



Corporate advice/oversight will be provided by an Environmental and Social Standards Adviser (ESSA) during project preparation

**V. CONTACT POINTS**

**World Bank**

Contact:	Maria Ines Miranda Ramos	Title:	Senior Environmental Specialist
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**Borrower/Client/Recipient**

**Implementing Agency(ies)**

Implementing Agency: INAB

Implementing Agency: INAB

**VI. FOR MORE INFORMATION CONTACT**

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1818 H Street, NW  
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**VII. APPROVAL**

Task Team Leader(s):	Zenia Salinas
Practice Manager (ENR/Social):	Maria Gonzalez de Asis Recommended on 24-May-2019
Environmental and Social Safeguards Advisor (ESSA):	Maria Da Cunha (ESSA) Cleared on 27-Nov-2019

<sup>i</sup> FCPF. 28 February 2019. Emission Reductions Program Document: Guatemala; and INAB-CONAP. 2015. Mapa Forestal por Tipo y Subtipo de Bosque, 2012. GUATEMALA. Technical Report. 26 pp.

<sup>iii</sup> CONAP. Guatemala’s Seven Biomes. Retrieved 22 March 2019 from <http://paisismegadiversos.org/en/english-guatemalas-seven-biomes/>.

<sup>iv</sup> Convention on Biological Diversity. Guatemala – Country Profile. Retrieved on 22 March 2019 from



<https://www.cbd.int/countries/profile/default.shtml?country=gt>.

<sup>v</sup> MARN, 2017. National Strategy for the Approach of Deforestation and Degradation of Forests in Guatemala.

<sup>vi</sup> CONAP. October 2018. Public list of the Guatemalan System of Protected Areas. Retrieved 21 March 2019.

[http://www.conap.gob.gt/Documentos/SIGAP/Listado\\_percent20SIGAP\\_percent20P\\_percentC3\\_percentBAblico\\_percent20Octubre\\_percent202018.xlsx](http://www.conap.gob.gt/Documentos/SIGAP/Listado_percent20SIGAP_percent20P_percentC3_percentBAblico_percent20Octubre_percent202018.xlsx)

<sup>vii</sup> FCPF. 28 February 2019. Emission Reductions Program Document: Guatemala.

<sup>viii</sup> Rosales, K and Michel, JM. (2019). Análisis regional de causas de la Deforestación/Degradación Forestal a partir de la base de datos obtenida con la herramienta Collect (Malla de 11,369 muestras a nivel nacional) para el periodo de estudio años 2001 a 2016. Unpublished study.

<sup>ix</sup> Ministerio de Ambiente y Recursos Naturales. (2017) National Strategy for the Approach of Deforestation and Degradation of Forests in Guatemala. <http://www.marn.gob.gt/Multimedios/10061.pdf>

<sup>x</sup> Instituto Nacional de Bosques (INAB). 2015. Estrategia Nacional de Producción Sostenible y Uso Eficiente de Leña 2013 - 2014. Serie Institucional ES-002(2015). Guatemala. pp. 43. <http://www.usaid-cncg.org/estrategia-nacional-de-produccion-sostenible-y-uso-eficiente-de-lena-2013-2024/>

<sup>xi</sup> Rosales, K and Michel, JM. (2019).

<sup>xii</sup> Stoian D., et al., 2018. Forest Concessions in Petén, Guatemala. A systemic analysis of the socio-economic performance of community enterprises in the Maya Biosphere Reserve.

[file:///C:/Users/wb334978/Downloads/CommunityForestConcessionsinGuatemala-Stoianetal.2018%20\(1\).pdf](file:///C:/Users/wb334978/Downloads/CommunityForestConcessionsinGuatemala-Stoianetal.2018%20(1).pdf)

<sup>xiii</sup> Estrategia Nacional para el Abordaje de la Deforestación y Degradación de los Bosques de Guatemala:

<http://www.marn.gob.gt/Multimedios/10060.pdf>

<sup>xiv</sup> [https://www.vcsprojectdatabase.org/print.html#/projects\\_print/st\\_/c\\_GT/ss\\_0/so\\_projectId/di\\_DESC](https://www.vcsprojectdatabase.org/print.html#/projects_print/st_/c_GT/ss_0/so_projectId/di_DESC)

<sup>xv</sup> <http://www.climate-standards.org/>

<sup>xvi</sup> The FIP is a funding window of the Climate Investment Funds that supports developing countries' efforts to reduce deforestation and forest degradation and implement sustainable forest management

<sup>xvii</sup> Complementary to this role, the Inter-American Development Bank (IDB) is the lead MDB for the other components of the FIP Program, focusing on promoting sustainable forest management and increasing access to public and private financing.

<sup>xviii</sup> Program Entity is defined as the party or parties specified as such in the ERPA, who would sign an ERPA with the World Bank as the trustee of the Carbon Fund.

<sup>xix</sup> <https://www.forestcarbonpartnership.org/sites/fcp/files/2016/July/FCPF%20Carbon%20Fund%20Methodological%20Framework%20revised%202016.pdf>

<sup>xx</sup> Frequency of reporting and verification will be agreed as part of negotiations.

<sup>xxi</sup> A carbon or REDD+ registry functions like retail bank, i.e. it has accounts linked to each program to which ERs can be debited and credit. In addition to debits and credits, a REDD+ registry performs additional transactions, such as the management of a portion of ERs as an 'insurance' against natural calamities (e.g., fires that can reverse previous achievements).

<sup>xxii</sup> If a final BSP is not provided at the time of ERPA signature, it becomes a condition of effectiveness of the ERPA.

<sup>xxiii</sup> <https://www.forestcarbonpartnership.org/erpa-general-conditions>