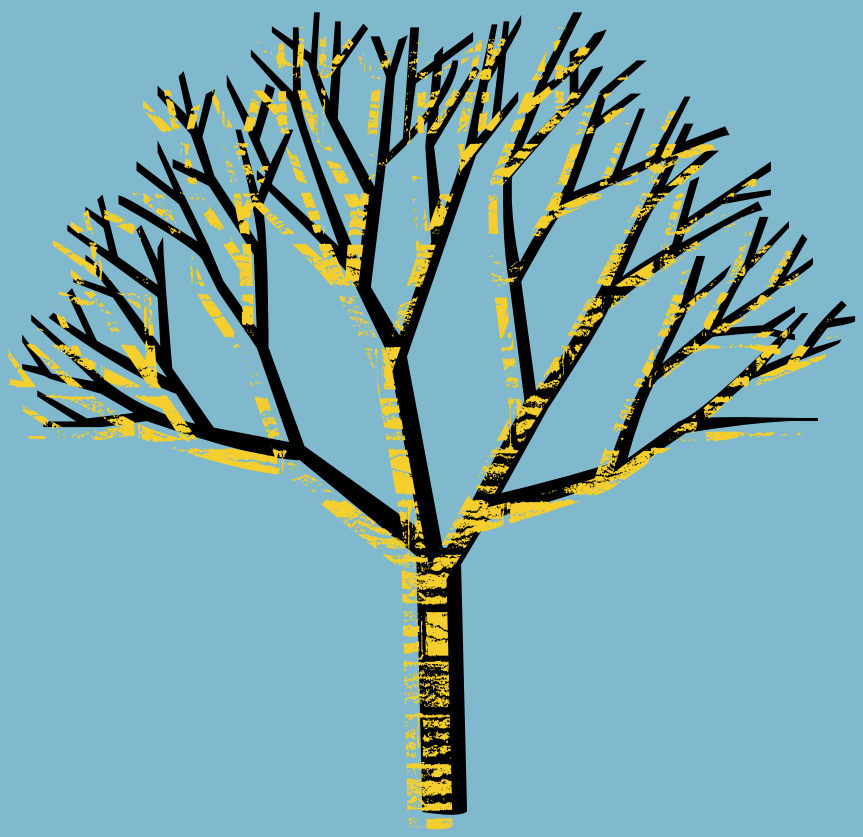
Forest Investment Plan Guatemala



Climate Investment Fund (CIF)
Forest Investment Program (FIP)

Forest Investment Plan

Guatemala

Guatemala, April 2017

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Acronyms

Acofop	Association of Forest Communities of Petén
AFS	Agroforestry system
Agexport	Guatemalan Exporters' Association (for its acronym in Spanish)
ALMG	Guatemalan Academy of Mayan Languages (for its acronym in Spanish)
ANAM	National Association of Municipalities (for its acronym in Spanish)
Banguat	Banco de Guatemala (Central Bank of Guatetmala)
Banrural	Banco Nacional de Desarrollo Rural
Catie	Tropical Agricultural Research and Higher Education Center (for its acronym in Spanish)
CBFC	Community-based forestry companies
CDRO	Cooperation for the Development of the Highlands (for its acronym in Spanish)
Cemec	Conap's Monitoring and Evaluation Center (for its acronym in Spanish)
CFMF	Carbon Fund Methodological Framework
CM	Complaints mechanism
CMSREDD	Multisector REDD+ Safeguards Committee (for its acronym in Spanish)
CNCG	Climate, nature and communities in Guatemala
Cocodes	Community Development Councils (for its acronym in Spanish)
CODI	Incentive Board of Directors (for its acronym in Spanish)
Comudes	Municipal Development Councils (for its acronym in Spanish)
Conap	National Council for Protected Areas (for its acronym in Spanish)
Conesforgua	National Council of Forest Certification Standards (for its acronym in Spanish)
Conred	National Coordinator for Risk Recution (for its acronym in Spanish)
CVM	Wood value chain (for its acronym in Spanish)
DGM	Dedicated Grant Mechanism
DIGEGR	Directorate of Strategic Geographic Information and Risk Management (for its acronym in Spanish)
Diprona	Division of Nature Protection, National Civil Police (for its acronym in Spanish)
DPM	Municipal Planning Division (for its acronym in Spanish)
EAP	Economically active population
EMSA	Mesoamerican Strategy for Environmental Sustainability (for its acronym in Spanish)
Encovi	National Living Conditions Survey (for its acronym in Spanish)
ERPA	Emission Reductions Payment Agreement
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility

FDN	Fundación Defensores de la Naturaleza
Fedecovera	*Federación de Cooperativas de las Verapaces, R.L.*
Fidosa	Financiera de Occidente, S.A.
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
FMAP	Forestry Management and Protection System to address Illegal Logging in Guatemala
Forescom	Community-based forestry company (Concesiones Forestales de Petén)
FSC	Forest Stewardship Council
Fundaeco	Fundación para el Ecodesarrollo
GBBY CC	Forests, Biodiversity and Climate Change Group (for its acronym in Spanish)
GDP	Gross domestic product
GHG	Greenhouse gases
Gimbot or Gimbut	Inter-Agency Group for Forest Monitoring and Land Use (for its acronym in Spanish)
GIZ	German Agency for International Cooperation (for its acronym in German)
GMP	General Management Plan
HCVF	High Conservation Value Forest
HDI	Human Development Index
IACG	Interagency Coordination Group
IARNA	Institute of Agriculture, Natural Resources and Environment of Universidad Rafael Landívar (for its acronym in Spanish)
IBRD	International Bank for Reconstruction and Development
Idaeh	Institute of Anthropology and History (for its acronym in Spanish)
IDB	Inter-American Development Bank
INAB	National Forest Institute (for its acronym in Spanish)
INCD	Intended Nationally Determined ContributionNational Statistics
INE	Institute (for its acronym in Spanish)
IUCN	International Union for Conservation of Nature
IWGIA	International Working Group on Indigenous Affairs
JNR	Jurisdictional Nested Approach REDD+
KfW	KfW Development Bank (for its acronym in German)
LULUCF	Land use and land-use change and forestry
MAGA	*Ministry of Agriculture, Livestock and Food (for its acronym in Spanish)*
MARN	Ministry of Environment and Natural Resources (for its acronym in Spanish)

MBR	Maya Biosphere Reserve
MDB	Inter-American Development Bank and World Bank (IDB and WB)
MDGs	Millenium Development Goals
MEM	Ministry of Energy and Mines
MIF	IDB Multilateral Investment Fund
MP	Public Ministry (for its acronym in Spanish)
MRV	Monitoring, reporting and verification
MUZ	Multiple-Use Zone
NAMAS	Nationally Appropriate Mitigation Actions
NAS	National agricultural survey
NGO	Non-governmental organization
NSA	National Safeguards Approach
OFM	Municipal Forest Office (for its acronym in Spanish)
PA	Protected area
PEFC	Programme for the Enforcement of Forest Certification
Perfor	Regional Strategic Program for the Management of Forest Ecosystems (for its acronym in Spanish)
PES	Payments for environmental services
Pinfor	National Forest Incentives Program
Pinpep	Smallholder Forestry Incentives Program (for its acronym in Spanish)
PNLT	National Park Laguna del Tigre (for its acronym in Spanish)
PNSL	National Park Sierra del Lacandón (for its acronym in Spanish)
Probosque	Law to Promote the Establishment, Recovery, Restoration, Management, Production and Protection of Forests
REDD+	National Strategy For Reducing Emissions from Deforestation and Degradation
RFMT	Responsible forest management and trade
RPP	Responsible purchasing policy
R-PP	Readiness Preparation Proposal of the National RDD+ Strategy before the FCPF
Segefor	Electronic Forest Management System (for its acronym in Spanish)
Seinef	Electronic Information System for Forestry Companies (for its acronym in Spanish)
SIF	*Social Investment Fund*
Sifgua	Guatemalan Forestry Information System (for its acronym in Spanish)
Sigap	Guatemalan System of Protected Areas (for its acronym in Spanish)
SIP	Stakeholder Involvement Plan
Sipecif	Forest Fire Prevention an Control System

SMBR	Sierra de las Minas Biosphere Reserve
SMP	Sustainable Management Plan
SNICC	National Information System on Climate Change (for its acronym in Spanish)
SSEA	Strategic Social Environmental Assessment
TNC	The Nature Conservancy
UKSA	United Kingdom Space Agency
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	UN Framework Convention on Climate Change
URL	Universidad Rafael Landívar (for its acronym in Spanish)
USAID	U.S. Agency for International Development
UVG	Universidad del Valle de Guatemala (for its acronym in Spanish)
VCS	Voluntary Carbon Standard
WAP	Working-age population
WB	World Bank
WCS	World Conservation Society

Summary of the Forest Investment Plan

1. Country, Region	Guatemala, Latin America	
2. Financing request (in USD millions)	Grant **USD3,150,000**	Loan **USD20,850,000**
3. Local partners - Forest Investment Program (FIP)	Ministry of Environment and Natural Resources (MARN) Ministry of Agriculture, Livestock and Food (MAGA) National Council for Protected Areas (Conap) National Forest Institute (INAB)	
4. National Implementation Agency (Forest Investment Plan Coordinator)	**National Forest Institute (INAB)**	
5. MDBs involved	**Inter-American Development Bank (IDB)** **World Bank (WB)**	
6. MDB, Focal Points and Program and Project Leaders	***Headquarters-FIP Focal Points:*** *Gloria Visconti* Lead Climate Change Specialist, Inter-American Development Bank (IDB) gloriav@iadb.org *Gerhard Dieterle,* Forests Advisor, FIP Focal Point, World Bank (WB) gdieterle@worldbank.org	***Team Leaders:*** *Joseph Milewski* Senior Rural Development Specialist, Inter-American Development Bank (IDB) josephm@iadb.org *Omar Samayoa* Climate Change Specialist, Inter-American Development Bank (IDB) omars@iadb.org *Luis A. Mejía* MIF Senior Specialist, Inter-American Development Bank (IDB) lamejia@iadb.org *Gabriela Encalada* Environmental Specialist, World Bank (WB) gencalada@worldbank.org

7. Description of the Forest Investment Plan

a) Key challenges regarding the implementation of the Forest Investment Plan

This plan's main challenge will be to address the direct and underlying causes of deforestation and degradation in the priority regions, based on a territorial approach at the forest landscape level, and by integrating a multisectoral strategy and programmatic coordination with effective participation of the National Forest Institute (INAB, for its acronym in Spanish) and the National Council for Protected Areas (Conap, for its acronym in Spanish). There is also the possibility of creating institutional synergies with the support of the Ministry of Environment and Natural Resources (MARN, for its acronym in Spanish) and technical support from the Ministry of Agriculture, Livestock and Food (MAGA, for its acronym in Spanish), with the aim of developing productive alternatives outside the forest, such as agroforestry and silvopastoral systems. In addition, it is proposed to encourage the participation of the private sector as a strategy for the financial leverage of actions aimed at addressing the causes of deforestation and promoting the increase of carbon pools.

Since October 2010, Guatemala belongs to the group of like-minded megadiverse countries that holds about 70% of the planet's biodiversity (Conap, 2011). The multiplicity of ecosystems is directly related to the diversity of habitats and ecoregions; Guatemala is home to 9 biomes, 14 ecoregions and 14 life zones (INAB and IARNA-URL, 2012). This high diversity is severely threatened by high rates of deforestation. According to the analysis of the Institute of Agriculture, Natural Resources and Environment (Iarna, for its acronym in Spanish) of Universidad Rafael Landívar (Iarna-URL, 2009), the agents directly related to deforestation are:

- Small and medium-scale subsistence agriculture, with low economic profitability and weak articulation with the market, especially associated with high population growth;
- Extensive unsustainable livestock breeding, especially in the north and northeast areas of the country and within protected areas (associated with invasions, fires and high levels of deforestation);
- High unsustainable demand and inefficient consumption of fuelwood as a primary source of energy for cooking and heating (indigenous communities in rural areas);
- Illegal and unsustainable extraction of wood and fuelwood (around 50% in some regions);
- Invasions and usurpations related to illegal activities within protected areas; and,

- Forest fires.

Likewise, there are underlying causes that influence the pressures that cause deforestation and degradation in an indirect way, among them we can mention:

- Complexity and lack of harmonization of the forest regulatory framework;
- Limited availability of financing for the sector;
- Problems with land tenure and distribution;
- Public policies of the forestry sector with little or no implementation due to the scarce budgetary allocation to the institutions responsible for doing so;
- Low valuation of the goods and services of forest ecosystems;
- Lack of partnerships (between producers and industry) to reach competitive markets.

FIP interventions aim to propose the strengthening of governance[1] and governability[2] in protected areas, prioritizing the restoration of deforested and degraded areas; sustainable forest management, both in natural forests and in forest plantations; the strengthening of the value chain of forest products (timber and non-timber) and institutional strengthening as a transversal support action.

b) Lines of intervention and selected projects

FIP-supported resources will focus on catalyzing scalable projects to reduce greenhouse gas (GHG) emissions in priority areas where the highest levels of deforestation and forest degradation are evident, and there is a greater potential for increased carbon pools. It will be based on the restoration of linked areas, first, with new forest plantations related to established processes (such as the forest incentives that Guatemala has been promoting for many years); and, second, the recovery of areas that can be regenerated, especially those contained within the Guatemalan System of Protected Areas (Sigap, for its acronym in Spanish), also with the purpose of reducing the pressure on them and encouraging investment potential by the private sector. The proposed lines of intervention and their objectives are:

1 According to the Food and Agriculture Organization of the United Nations (FAO), forest governance refers to the set of measures by which a society defines its goals and priorities for governing its forests. . It is also defined as a process of political interaction between strategic actors, guided by a set of rules, norms and strategies that determine how power is exercised. For governance to take place, it is necessary for the associated standards and processes to be legal, legitimate and include the different sectors involved, such as the Government and other civil society actors (FAO, 2011).

2 According to Camou (2001), governability should be understood as "a state of dynamic equilibrium between the level of social demands and the capacity of the political system (State/government) [sic] to respond legitimately and effectively."

Line 1: Institutional strengthening of the forestry sector

To increase and maintain forest cover and restoration through the implementation of institutional strengthening programs of entities related to forest resource management (public and private sectors, local and community governments), in order to ensure the fulfillment of their functions in education and extension, monitoring, surveillance, traceability and forest certification.

Line 2: Sustainable forest management

Promote responsible forest management and trade (RFMT), agroforestry and silvopastoral systems as strategies of social and economic development in order to contribute to mitigation and adaptation to climate change, considering that sustainable forest management must become a culture of production and rational consumption of forest resources for the gradual reach of solutions to the environmental problems.

Line 3: Governance in protected areas, territories of indigenous peoples[3] and local communities

Prevent deforestation and forest degradation by strengthening governance and governability; also, through the implementation of productive activities in prioritized territories within protected areas (PAs), territories of indigenous peoples and local communities.

In order to achieve the objectives set out in the three lines of intervention of the Forest Investment Plan, actions will focus on integrated pilot projects in four geographic areas related to the regions established by Guatemala for the reduction of emissions from deforestation and degradation (REDD+), based on a programmatic approach implemented by INAB and Conap. The selection of these areas was carried out according to the FIP criteria and taking into account the analysis and weighting of the following indicators at the national level: a) rate of deforestation; b) rate of degradation according to area affected by forest fires and fuelwood extraction; c) high biodiversity rates; (d) low levels of socioeconomic development (poverty and extreme poverty, food shortages and lack of employment). The areas selected are:

A. Petén Region (north and south):

Petén constitutes the third part of the national territory (36,000 km^2), as well as the region with the largest extension under the protected area mechanism (77.17% of the land areas of Sigap). It also represents the area with the highest rates of deforestation (5 fronts) and degradation caused mainly by extensive cattle raising, African palm farming (municipality

3 A group of people is considered indigenous by the fact that it descends from populations inhabiting the country or a geographic region to which the country belonged at the time of the conquest, colonization or establishment of the present State borders and, whatever its legal status, preserves all its own forms of institutionality and social, economic, cultural and political organization, or part of them (*Cojtí*, 2010: 112-113).

of Sayaxché), a high frequency of forest fires and illegal trafficking of fauna and flora.

However, there are important sustainable forest management actions that constitute a platform to address this problem. For example, there are forest concessions in the multiple-use zone (MUZ) of the Maya Biosphere Reserve (MBR), areas that constitute the largest community forestry management initiative in Central America, with about 500,000 ha under sustainable forest management and certified by the Forest Stewardship Council (FSC). This area presents valuable alternatives for social and economic development for both timber production and non-timber products, and other natural forest goods and services.

The sustainable use of the natural forest in these forest concessions (500,000 ha) and wood harvesting in plantations south of Petén (33,056 ha, according to INAB [2016]) demand technological upgrades for the improvement of productive chains. This would significantly reduce the pressure on the natural forest and ensure the conservation of protected areas. In addition, the strengthening of productive chains of non-timber products in natural forests and the implementation of productive alternatives outside the forest (AFSs or silvopastoral systems) in buffer zones of protected areas are valuable alternatives for integrated and programmatic participation between INAB, Conap and Maga.

B. Western Region:

A region characterized by its population density (mostly indigenous population); high consumption and deficit of fuelwood as a source of energy for cooking, which comes mainly from natural forests (conifers and mixed forests); and, high levels of food vulnerability. Unsustainable fuelwood consumption is one of the most important causes of forest degradation and contributes significantly to GHG emissions in Guatemala. In this region, traditional organizational figures between the indigenous population and large communal and municipal territories are appropriate factors to promote programs for the restoration of the forest landscape (highly degraded due to the expansion of small-scale agriculture); the integral conservation of the remnant forest resources and their ecosystem services, especially the production of water; food security and the sustainable provision of fuelwood.

C. Eastern Region:

It presents the highest levels of nutritional vulnerability in the country (INE, 2016), a low level of employment opportunities, high levels of poverty and extreme poverty, and low productivity of soils. In this region, there are at least 136 wood processing industries (Seinef, 2016), most of them primary processing, so there is potential to strengthen the value chain of wood through the development of productive and trade partnerships between the industries and forest producers of the Verapaces, Izabal and southern Petén.

This region has favorable conditions to promote forest-industry-market (FIM) partnerships and a tangible social and economic development alternative (generation of employment and productive alternatives) based on the sustainable management of forest resources (natural

forest and plantations). In addition, it is a very active area in the Smallholder Forestry Incentives Program (Pinpep, for its acronym in Spanish), with productive activities in agroforestry systems that not only provide an alternative for employment generation, but also contribute to the restoration of strategic zones for water production and food security.

D. Alta Verapaz and Izabal Region: It has one of the mountainous systems with the greatest ecosystem diversity and endemic species in Central America (Conap, 2008). It constitutes the territory with the greatest opportunities for the development of productive chains of both timber products of forest plantations, and agroforestry products of high value in export markets. It also has high potential for strengthening ecotourism projects and ecosystem services driven by women's groups, mostly of indigenous peoples. This region is of high social importance given its Mayan population density (*q'eqchi'and pocomchi'*) and its relevance in conservation initiatives at the level of important protected areas of the country. In terms of forestry, it constitutes the region with the greatest extension of plantations under the forestry incentive programs, reaching the final harvest stage.

Based on the direct and underlying causes of deforestation and the FIP selection criteria, two main projects were prioritized:

Project 1: Sustainable forest management and Project 3: Access to funding (public and private). They are aimed at developing actions to improve and strengthen the services of institutions such as INAB and Conap in the territories; that promote responsible forest management and trade, and increase in the added value of agroforestry and silvopastoral products; and, that facilitate access to public and private financing, both within and outside protected areas. The objective of these project is to facilitate and expand the participation of local actors (communities, indigenous peoples, municipalities, private sector, among others) in order to promote sustainable forest management processes that drive the value chain of wood and restoration of the forest landscape.

The scope of these project is focused on overcoming administrative, legal, technical and access barriers to financing that limit the participation of local actors, which at the same time restricts the potential to extend the coverage of sustainable management in the forest landscape. Combining actions through FIP funding to help overcome these barriers will result in greater involvement of actors in the territories, strengthening partnerships between public sector institutions and, therefore, improving forest landscape management in prioritized territories, based on areas where higher levels of deforestation and degradation are identified.

Project 2: Strengthening governance and livelihood diversification. In Guatemala, the forest management model focuses on promoting the participation of local actors (communities, indigenous peoples, municipalities, private sector). There are several emblematic cases that show that the partnership between public sector institutions and local actors generates positive results for the sustainability of the forest landscape (48 Cantones de Totonicapán Committee, forest concessions in protected areas, Fedecovera, among others. Despite the country's progress in this area, there are still areas for improvemente whose attention would strengthen and consolidate these management models and, at the same time, facilitate the participation of local actors, both for improving governance and the governability of the forest landscape.

On this basis, it is proposed to focus FIP resources on two major topics: a) the improvement of the administrative and operational processes of the institutions (INAB, Conap, MAGA) that seek to facilitate participation in accordance with the legal framework (harmonization of procedures, traceability, certification, single-window service, among others), as well as to harmonize actions in the territories (for example, to avoid antagonism of agroindustrial crops and protected areas); and, b) the establishment and formalization of partnerships with local actors (conservation, monitoring, and social oversight agreements) to strengthen a framework between institutions and actors. The first topic has a more transversal application at the national level, while the second topic can be focused, in this phase, on the territories prioritized by the FIP, although later it can be scaled to other regions.

The actions of the project will have a differentiated approach according to the areas of intervention in which they converge, in the level of forest landscape, municipal territories, indigenous territories and local communities. The national strategy for the management and conservation of natural resources in communal lands identifies thematic axes neglected due to the strong institutional weakness on the topic. The orientation of the FIP will address the development of new management mechanisms and the implementation of productive alternatives for the improvement of livelihoods through forest ecosystem services.

All the projects will integrate gender considerations into their design and implementation, taking into account the different needs, knowledge and uses that men and women have of the forest. The participation of women in forest value chains, as well as in the development of agroforestry and silvopastoral systems, among others, will be promoted. This is particularly relevant, especially considering that the overall participation rate of the economically active population (EAP) was, at national level, of 35.5% for rural women, compared to 88.10% for rural men (ENEI, 2013). The employment gap between women and men is highly marked, with more than twice as many opportunities for men.

The institutional strengthening and access of the different sectors (public sector, civil society, private sector) to financing (public and private) will be promoted, ensuring the provision of the necessary resources for an efficient performance of public institutions and

for the strengthening of community-based organizations and local governments (especially municipal offices).

c) Overall expected results

Within the framework of the lines of intervention and the proposed projects, contributions will be made to the achievement of the following results:

- Reduction of GHG emissions through activities to mitigate climate change in the forestry sector;
- Improvement of adaptation to climate change by reducing the vulnerability of local communities and increasing resilience;
- Strengthening of the forestry sector (public and private, as well as local and community governments);

ci) Improvement of the efficiency of the wood forest-industry-market (FIM) production chain;

- Improvement of forest governance and governability in protected areas and territories of indigenous peoples;

cii) Sustainable and integral management of the forest landscape to ensure the provision of environmental goods and services (water, fuelwood, among others).

ci) Linkage to activities supported by the Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme.

The investment opportunities identified and proposed under the FIP framework are directly related to actions funded by the FCPF and presented by Guatemala in the preparation of its *National REDD+ Strategy*, included in the *Readiness Project Idea Note* (R-PIN), the R*eadiness Preparation Proposal* (R-PP) and the *Midterm Report*. They are also congruent with the *Emission Reduction Program Idea Note* (ER-PIN) approved by the FCPF. The preparation of the *National REDD+ Strategy* is creating the conditions and methodological requirements necessary to favor the implementation phase and the results-based payments of this mechanism. The REDD+ strategy options, measures, activities and territories coincide with the FIP intervention areas. Therefore, the alignment of the preparation phase with the implementation phase is guaranteed.

In addition, the FIP will contribute to the achievement of goals and commitments identified in the nationally foreseen and determined contributions (NDC), the *National Climate Change Framework Law* (Article 20, on emission reductions due to the change in land use)[4] and the *National Action Plan for Climate Change Adaptation and Mitigation*.[5]

4 *National Climate Change Framework Law*, article 20. Available at: http://www.marn.gob.gt/Multimedios/2682.pdf.

5 *National Action Plan for Climate Change Adaptation and Mitigation*. Available at: http://www.segeplan.gob.gt/nportal/index.php/biblioteca-documental/biblioteca-documentos/category/97-plan-de-accion-nacional-de-cambio-climatico.

8. Results and indicators foreseen in the implementation of the Guatemala FIP

Main objective	Indicators
Contribute to reduction targets of GHG emissions caused by deforestation and degradation in the land use and land-use change and forestry (LULUCF) category, and increase carbon stocks in Guatemala.	i) Tons of reduced net CO^2e emissions. ii) Net tons of sequestred CO^2e.
Operational results	**Performance indicators in the areas of intervention of the FIP**
1) Strengthened institutional framework (standards and regulations) in support of sustainable forest management (natural forests and forest plantations).	1.1 Instruments approved and/or implemented to facilitate the management of INAB and Conap. 1.2. Effective agreements between INAB and Conap with local governments and community-based organizations.
2) Reduction of poverty levels in indigenous peoples, women and local communities; improvement of food security; and, provision of jobs (including the mestizo and ladino population in urban and rural areas).	2.1 Families that increase food supply through agroforestry activities. 2.2 Increase in income generated by agroforestry activities.
3) Efficient use of fuelwood in rural areas.	3.1 Area (ha) of natural forests under management for the sustainable production of fuelwood. 3.2 Area (ha) with energy plantations established in municipal and communal lands, through forest incentives.

4) Improvement of the competitiveness of the forestry sector (forest-industry-market).	4.1 Increase in the level of primary and secondary industrialization of wood (m3). 4.2 Increased private investment and profitability (USD). 4.3 Increase in invested venture capital revenues (USD). 4.5 Number of developed alternative markets and signing of responsible purchasing policies (RPP). 4.6 Increase in export levels of products. 4.7 Developed market opportunities. 4.8 Number of beneficiaries who accessed loans for forest management.
5) Availability of financing for the sector (inclusive financial mechanisms).	5.1 Number of financial mechanisms with a gender approach. 5.2 Number of agreements established with banks or financial institutions. 5.3 Volume of public and private financing provided and accessed by sector users. 5.4 Number of beneficiaries who access loans.
6) Strengthening governance and governability of indigenous peoples, local communities and protected areas.	6.1 Effectiveness of management in intervened protected areas. 6.2 Number of deforestation and invasion flashpoints reduced in protected areas. 6.3 Reduced fire areas (ha). 6.4 Number of participatory planning and decision-making processes developed (FAO/Profor, 2011). 6.5 Number of management plans and areas (ha) under management in protected areas. 6.6 Revised and/or updated political, legal, institutional and regulatory framework (FAO/Profor, 2011). 6.7 Number of partnerships established between community-based producers and the forest or agroforestry industry.
7) Diversification and strengthening of the livelihoods of indigenous peoples, local communities and protected areas.	7.1 Number of communities participating in value-added chains of services and timber and non-timber products derived from the sustainable management of forests, plantations and agroforestry systems. 7.2 Percentage of women participating in management and production processes. 7.3 Number of partnerships established between community-based producers and the forest or agroforestry industry.

9. Indicative summary of projects proposed in the Guatemala FIP

MDB Projects	Amount (USD)			
	FIP	Estimated co-financing	Parallel financing	Total (USD)
1) Project 1: Sustainable forest management (IDB)	9,700,000	36,162,500	5,731,000	45,862,500
2) Project 2: Strengthening governance and livelihood diversification (WB)	11,800,000	14,662,500	525,000	26,462,500
3) Project 3: Access to funding (public and private) (IDB/MIF)	2,500,000	2,500,000		5,000,000
Total from investment plan	24,000,000	53,325,000	6,256,000	77,325,000

10. Tentative schedule Guatemala FIP

Project	Approval of the FIP Subcommittee	Approval of the MBD Board	Scheduled execution date
Project 1: Sustainable forest management	December 2017	February 2018	May 2018
Project 2: Strengthening governance and livelihood diversification	December 2017	Februrary 2018	June 2018
Project 3: Access to funding (public and private) (IDB/MIF)	December 2017	February 2018	May 2018

For the three proposed projects, the dates and amounts are tentative and are subject to approval of the investment plan by the FIP Subcommittee in June 2017.

11. Other actors involved in the design and implementation of the Forest Investment Plan

The design of the investment plan has been led from the public sector by INAB and Conap, within the framework of the Interagency Coordination Group (IACG).[6] Through workshops at the regional and national levels, these institutions have involved forest governance platforms that include second and third-level community-based organizations (National Alliance of Forest Communities;[7] Association of Forest Communities of Petén (Acofop, for its acronym in Spanish);[8] 48 Cantones de Totonicapán; Smallholder Forestry Incentives Program (Pinpep); *UtzChé*;[9] Fedecovera[10]), NGOs (Fundaeco,[11] Fundación Defensores de la Naturaleza,[12] Calmecac,[13] FundaLachuá, early initiatives from REDD+, Rainforest Alliance[14]), international organizations (IUCN, FAO, UNDP) and the private sector (Forest Association, forest industry companies, private banking). All of these actors, together with INAB and Conap, are part of the forest governance platform of Guatemala, which not only confers legitimacy to the Forest Investment Plan, but also favors a more adequate implementation, to the extent that it reflects the interests and priorities of the different stakeholders.

Guatemala is made up of four groups: Mayan, Ladino or Mestizo, Xinka and Garífuna. The country is characterized by its cultural diversity, which is why the Forest Investment Plan considered relevant socio-linguistic aspects. Representatives of the following socio-linguistic communities participated in the joint development of the investment plan: *kaqchikel, k'iche', mam, q'eqchi', ch'orti'*, ladino and *poqomchi'*. In addition, community-based forest governance platforms and with representation of indigenous peoples were involved, bringing together most of the first-level forest-related organizations, including the National Alliance of Forest Communities and the Network of Beneficiaries of Forest Incentive Programs, as well as several of its first-level members. On the other hand, professional technicians belonging to the indigenous peoples participated as part of the strategies in force in INAB and Conap to attend to these people and the search for gender equity.

6 The IACG is integrated by the Ministry of Environment and Natural Resources (MARN), the Ministry of Agriculture, Livestock and Food (MAGA), the National Forest Institute (INAB) and the National Council for Protected Areas (Conap). See the IACG agreement at: : http://www.marn.gob.gt/Multimedios/1704.pdf.

7 More information available at: http://www.alianzaofc.org/.

8 More information available at: http://www.acofop.org/.

9 More information available at: http://www.utzchecomunitaria.org/index.php/es/.

10 More information available at: http://www.fedecovera.com/index.php?lang=en.

11 More information available at: http://www.fundaeco.org.gt/.

12 More information available at: http://www.defensores.org.gt/.

13 More information available at: https://www.facebook.com/fundacion.calmecac.

14 More information available at: http://www.rainforest-alliance.org/.

During the development of the Investment Plan, several platforms for the coordination of indigenous peoples, women's groups and civil society organizations were involved.

12. Participation of indigenous peoples and local communities

Guatemala is made up of four groups: Mayan, Ladino or Mestizo, Xinka and Garífuna. The country is characterized by its cultural diversity, which is why the Forest Investment Plan considered relevant socio-linguistic aspects. Representatives of the following socio-linguistic communities participated in the joint development of the investment plan: *kaqchikel, k'iche', mam, q'eqchi', ch'orti'*, ladino and *poqomchi'*. In addition, community-based forest governance platforms and with representation of indigenous peoples were involved, bringing together most of the first-level forest-related organizations, including the National Alliance of Forest Communities and the Network of Beneficiaries of Forest Incentive Programs, as well as several of its first-level members. On the other hand, professional technicians belonging to the indigenous peoples participated as part of the strategies in force in INAB and Conap to attend to these peoples and the search for gender equity. During the development of the Investment Plan, several platforms for the coordination of indigenous peoples, women's groups and civil society organizations were involved.

13. Involvement of the private sector

The private sector has been directly involved in the design of the Forest Investment Plan through private banks, forest producers, the national forest industry, forest regents, producer networks within forest incentive programs and first-level organizations (associations, cooperatives and partnerships), as well as second-level organizations (federations of forest and agroforestry producers). The strategies and projects proposed through the FIP seek to attract other private actors through the creation of investment opportunities inside and outside the forest. The creation of forest-industry-market (FIM) partnerships in the forestry, agroforestry and silvopastoral sectors will be promoting additional investment opportunities and competitive production processes inside and outside protected areas.

The search for relationships between producers and responsible international markets is also emerging as a potential action to achieve private sector participation at the international level; the viability of partnerships such as those developed by Acofop with markets for timber and non-timber products is an example. The development and implementation of a financial mechanism accessible to small, medium and large-scale producers at the national level for both projects will be promoted and implemented in

cooperation with the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). This will allow expanding the range of public and private investment opportunities to other productive sectors with the active participation of private banks at the national level.

14. Gender approach in the Forest Investment Plan

Government institutions participating in the Forest Investment Plan (CONAP and INAB, as well as MAGA and MARN) have gender strategies and policies that should be transferred to those programs and projects they develop. Also, in the framework of the preparation of the *National REDD+ Strategy*, the IACG gender units or divisions have developed, in a participatory manner and with multiple stakeholders (mainly grassroots community leaders), a path on how to mainstream gender considerations in all three phases of the REDD+ mechanism. The Investment Plan is aligned with the institutional framework and gender policies of the IACG, and with the path for the same topic elaborated by REDD+. This ensures the incorporation of the gender perspective in the Forest Investment Plan.

For this reason, the development of the plan was supported by Conap and INAB gender experts, who collaborated in the different stages of formulation and, in addition, during the workshops in the four selected regions. The national workshop included the participation of women and groups of women from different fields: public sector, local governments, indigenous peoples, agricultural cooperatives, private sector and NGOs, who made relevant contributions to the design of the investment plan. These are reflected in the approach, scope and indicators of the proposed projects.

15. Complementary aspects

The design of a programmatic approach with the effective intervention of INAB and Conap to link, create synergy and complementarity of both projects with the participation of the private sector, local communities and indigenous peoples, is decisive. For this purpose, it is necessary to design an integral mechanism to which the two projects report their progress and the fulfillment of objectives in line with the FIP investments, the FCPF and the potential implementation of the Dedicated Grant Mechanism (DGM).

Section 1. Description of the country and sector context

1.1 Country context (geography, demography and economy)

1. Guatemala has a territory of 108,890 km^2, of which 2,500 km^2 correspond to rivers and lakes. Administratively it is divided into 22 departments and 340 municipalities, each subdivided into villages, hamlets and places with great climatic variety due to its topography, which goes from sea level to 4,220 meters, a condition that favors biological and cultural diversity (Raxché, 2012: 8). The country is made up of four towns: Mayan, Ladino or Mestizo, Xinka and Garífuna. According to the International Working Group on Indigenous Affairs (IWGIA), Guatemala stands out as the second largest country in Latin America (after Bolivia) with a larger proportion of indigenous population, with more than 6 million inhabitants (IWGIA, 2016). According to the National Statistics Institute (INE), by 2015 the population would have reached 16.18 million inhabitants, of which 51.14% are women, and 48.86% are men (INE, 2016). 51% of the population is located in the rural area, and the remaining 49%, in urban centers.

2. According to social indicators, Guatemala had a population density of 148.7 inhabitants per km^2 by 2015; a nominal per capita income of USD3,907; a Gini coefficient of 53.5; a life expectancy of 73.3 years; and, population growth of 2.4%. The Human Development Index (HDI) ranked it 128 out of 188 countries. The *2014 National Living Conditions Survey* (*Encovi* 2014) reports a literacy rate of 75% for women and 84% for men; the birth rate was 25.1 births annually per 1,000 inhabitants, while the fertility rate was 3.1 infants per woman.[15]

3. The Guatemalan economy is the largest in Central America.[16] In fact, in recent years the country has had good economic performance,[17] with a GDP of USD 58.83 billion (2014) and an inflation of 2.4% (2015).[18] In 2015, the most important productive sectors and sources of income included commercial activity, manufacturing, agriculture (which takes into account livestock, forestry and fisheries), transport and communications, among others (Table 1).[19]

15 According to the country sheet published by the Office of Diplomatic Information of the Ministry of Foreign Affairs and Cooperation of Spain (www.exteriores.gob.es).

16 According to the country overview published by the World Bank, available at: http://www.bancomundial.org/es/country/guatemala/overview.

17 According to the aforementioned World Bank e-publication, Guatemala has experienced a growth rate above 3% since 2012, and has reached a rate close to 4% in 2015.

18 *Ibid.*

19 According to *Banco de Guatemala (Central Bank of Guatemala)* data available at: https://www.banguat.gob.gt/cuentasnac/pib2001/2.2_PIB_por_AE_corriente.

4. The Millennium Development Goals (MDGs, 2015) report indicates that Guatemala has made substantial improvements in areas such as health and education. However, with regard to poverty –the main objective of the *Millennium Declaration*, which largely synthesizes the progress made– there was a significant reversal from 18.1% in 1989 to 23.4% in the period from 2014 to 2015. Extreme poverty and poverty in general are more acute for women, with a predominance of indigenous women.

5. According to the aforementioned MDG final report (2015), employment still poses a serious challenge to the country due to low levels of labor productivity and the prevalence of employed EAP segments living in poverty and working on their own (which amounted to 20.1% and 40.5% in 2014, respectively). Women represent 53% of the working-age population (WAP). However, they only make up 37.1% of the WAP, a figure that is even lower among indigenous women. Although the salary level of women has improved in recent years, wage gaps still prevail in all sectors: indigenous women earn 54.5% of men's salaries, while non-indigenous women earn 62.9% (*INE*, 2013).

6. In 2009, the contribution of forests to gross domestic product (GDP) was 2.6% (Iarna-URL, 2012). However, the forestry sector and State policies are a very important engine for employment generation, in particular, and for the rural economy in general. At the same time, forests provide ecosystem and prevention services to natural disasters of very high relevance; they also contribute to the improvement of the quality and quantity of water flows.

1.2 Sectoral context

7. Despite the economic ups and downs of the financial products of the decade of 2010 (Table 1), favorable growth has been observed in the last five years (2011-2015), especially in the trade, manufacturing industry and agriculture and forestry sectors (the latter occupying the third place in order of importance). Table 1 presents a summary of GDP by sector up to the first quarter of 2016.

Table 1. Guatemala: Evolution of GDP by sector (in millions of quetzales)

Period	Agriculture, livestock, hunting silviculture and fishing	Exploitation of mines and quarries	Manuf-facturing industries	Electricity supply and water collection	Construc-tion	Whole-sale and retail	Transport, storage and communi-cations	Financial inter-mediation, insurance and auxiliary activities	Housing rent	Private services	Public adminis-tration and advocacy	Financial inter-mediation services measured indirectly	Net taxes on product subsidies	Quarterly gross domestic product
2006	25,890.30	3,269.10	43,044.30	5,800.50	11,812.20	33,877.30	15,179.70	6,506.40	22,286.00	35,670.80	14,754.40	-5,618.70	17,363.70	229,836.00
2007	29,975.70	4,120.90	47,885.50	6,387.90	13,429.30	39,967.20	18,262.30	7,883.40	24,174.60	39,595.20	16,970.80	-7,030.10	20,137.40	261,760.10
2008	32,991.10	5,370.70	54,629.10	6,667.30	15,177.90	48,787.80	22,236.50	9,345.50	26,121.80	43,955.20	18,500.10	-8,220.80	20,309.40	295,871.60
2009	35,902.10	5,008.30	57,431.00	6,910.60	14,055.70	49,888.30	24,616.90	9,972.20	27,604.40	44,700.50	21,801.80	-9,032.70	19,107.30	307,966.40
2010	36,821.30	6,616.00	62,072.90	8,002.70	13,416.40	56,719.30	26,290.00	10,819.70	29,142.90	47,539.20	24,407.90	-9,627.20	20,872.30	333,093.40
2011	41,088.70	10,512.20	69,183.10	7,546.90	14,738.80	67,107.90	29,105.00	11,518.90	30,448.40	50,567.90	26,487.90	-10,646.40	23,353.30	371,012.60
2012	41,657.80	8,604.20	75,472.70	8,736.30	16,446.10	73,792.70	30,515.00	12,953.70	31,712.80	53,832.20	28,458.90	-11,591.40	24,131.90	394,722.90
2013	44,988.00	7,813.20	80,720.70	9,790.80	17,278.50	82,646.20	31,844.50	14,301.00	33,019.30	57,254.60	31,425.10	-12,829.90	24,845.80	423,097.80
2014	48,585.10	10,069.20	85,271.20	10,537.30	18,243.70	91,186.40	33,669.30	15,398.40	34,247.40	60,272.50	34,093.10	-13,788.30	26,267.50	454,052.80
2015	51,339.80	8,611.30	90,310.30	11,526.50	18,968.70	105,531.30	37,061.00	16,608.80	35,476.30	63,446.00	36,731.70	-14,388.70	27,110.00	**488,333.00**
2016 *	13,224.90	2,156.30	23,565.00	2,643.40	3,767.20	26,661.30	10,042.80	4,485.90	9,116.20	16,066.90	8,844.50	-3,637.10	6,087.70	

(*) Approximations to the month of July of this year.

Source: *Banco de Guatemala*, Department of Macroeconomic Statistics, National Accounts Section
Note: In 2016, USD1.00 was equivalent to Q7.60, on average.

8. The first occupation of women is commerce, since 40.5% of women work in commerce; the manufacturing industry comes in second place, especially the maquila and informal commerce, where 13.4% of them work. There are some economic activities that fail to reflect the reality of the situation and condition of women's employment. For example, in agriculture, 14% of workers are women, although in reality this figure could be higher since the work of women in the sector is seen as a complementary activity and, sometimes, it is not even remunerated.

1.3 Forests and land use

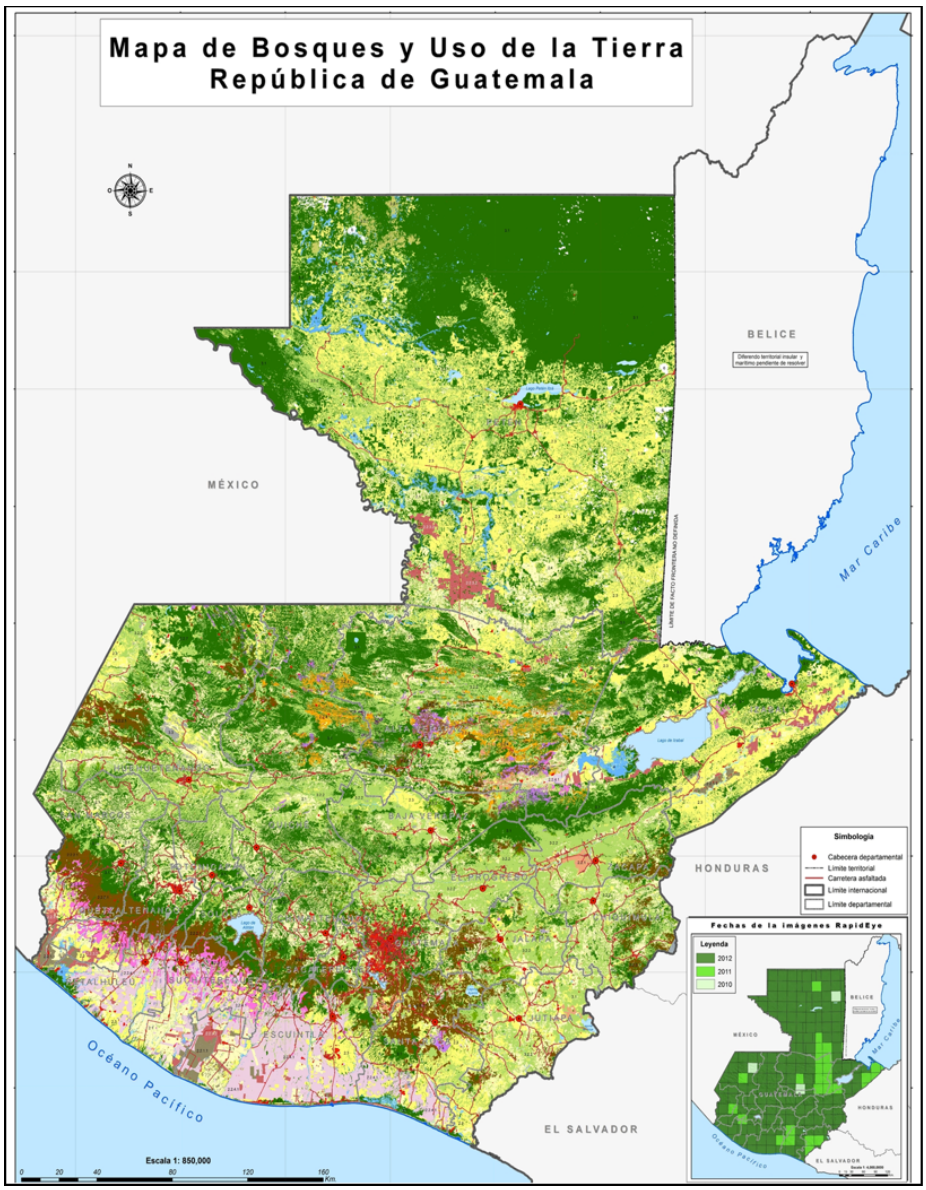
9. Given the country's high cultural, genetic, species and ecosystem diversity, the country has been included among the select group of twenty related megadiverse countries, which account for about 70% of the planet's biodiversity.[20]

10. Guatemala's forest cover map, published in 2012, estimated forest cover for 2010 at 3,722,595 hectares, corresponding to 34.19% of the national territory. The coverage for 2006 was 3,866,383 ha, 35.53% of the national territory. This represents an annual net loss of 38,597 ha, equivalent to an annual deforestation rate of 1% during the period 2006-2010. The data correspond to the difference between the gross annual loss of natural forests (132,138 ha) and the gain between forest plantations and natural regeneration (93,541 ha) during that period (INAB, Conap, UVG and URL, 2012).

20 During the X Conference of the Parties in Nagoya, Japan, Guatemala was included in the Group of Like-Minded Megadiverse Countries and recognized as a "world power in biological diversity" (Conap, 2011).

11. Recent studies developed by the Inter-Agency Group for Forest Monitoring and Land Use (Gimbot, for its acronym in Spanish; 2014) established the following figures for 2012: a) agricultural territories, 37.6%; b) forests, 34.74%; c) means with shrub and/or herbaceous vegetation, 23.48%; d) open spaces with little or no vegetation, 0.33%; e) wetland areas, 0.98%; f) bodies of water, 1.64%; g) human settlements, 1.28%; and, (h) areas with no formations due to the effects of clouds or shadows (0.45%). Figure 1 presents the forest and land use map for the year 2012 (although it was published in 2014).

Figure 1. Guatemala: Map of forests and land use (2012, published in 2014)



Source: GIMBOT (2014). 2012 Rapid eye images; published in 2014.

12. In addition to their social, economic and environmental importance, forests in Guatemala have a high cultural significance, since they constitute sacred sites and elements of the worldview of local peoples and communities whose average population percentage is close to 60%. The direct relationship between indigenous peoples, conservation and responsible management of forests, especially concerning the use of water, forest and wildlife in the *k'iché, q'eqchi', q'anjobal* and *mam* linguistic communities (*Calas*, 2003a; 2003b; 2003c and 2007), is widely documented. However, this group of the Guatemalan population presents the highest levels of unsustainable fuelwood consumption, as well as a substantial increase in small-scale agriculture..

13. The ownership and tenure of land and forests in Guatemala is distributed as follows: a) State, 34%; b) municipalities, 8%; c) private companies, 38%; d) community groups, 15%;[21] and, e) others, 5% (R-PP Guatemala, 2013: 70).

14. Regarding the public administration of existing forests, 48% is INAB's responsibility, while the remaining 52% is managed by Conap, because it is within Sigap (R-PP Guatemala, 2013: 63).

15. It is important to note that land held by individual community/indigenous owners is fragmented and the plots of land are often small and overlapping, while in collective communal lands, the lack of clarity with respect to the ownership and tenure of the lands occupied by these groups contributes to tensions and conflicts with other actors, including the State itself (R-PP Guatemala, 2013: 70).[22] There are no legal restrictions on the possession of women's land; however, this equality before the law is not reflected in reality. Women holding agricultural land, for example, represent only 7.8% of all individual holders, and these properties are mostly used for agricultural activities (INE, 2003). This is due to attitudes, behaviors and treatments of discrimination rooted in the patriarchal system that still predominates in society.

1.4 Status and trends of forest resources

1.4.1 Main agents of deforestation and degradation

16. In Guatemala, deforestation and forest degradation are multi-causal phenomena in which direct and indirect causes are identified. The following stand out among the first: a) land use change, especially for small and medium-scale agricultural purposes; b) extensive cattle raising, especially in areas in the north of the country; c) demand for fuelwood as

21 According to Article 4 of the regulations of the *Pinpep Law*, communal lands are defined as those "[..].areas where the rights of tenure, possession and/or ownership of land are shared collectively by a particular community or social group."

22 The management of natural resources in communal lands is key to the livelihood strategies of local populations, mainly in protected areas. However, several problems affect collective management in these tenure systems, such as the precariousness of communal tenure rights and the growing conflict over control, access and appropriation of natural resources on communal lands (Grupo Promotor de Tierras Comunales, 2009).

a primary source of energy for food cooking and heating (INAB, 2010 and 2015);[23] d) illegal logging; (e) invasions and appropriation of land linked to illegal groups within protected areas; f) forest fires whose main causes are intentional burning and land preparation for agriculture and livestock (Sipecif, 2009) and, to a lesser extent, forest pests (Moore and Allard, 2009).

17. According to the *National Strategy for the Sustainable Production and Efficient Use of Firewood 2013-2014* (*INAB*, 2015), the annual supply of fuelwood is 17.96 million m^3. Of this amount, 85% comes from natural forests; 14%, from forest plantations; and, 1%, from industry waste. However, the annual demand for fuelwood is estimated at 27.98 million m^3, with 85% of rural domestic consumption and 13% and 2% of domestic urban and industrial consumption, respectively. These data reflect a deficit of 10.02 million m^3 with respect to what grows in the forest. According to the *Institutional Action Plan for the Prevention and Reduction of Illegal Logging* (INAB, 2010), it is estimated that illegal logging for fuelwood production accounts for 30% to 50% of the volume of wood harvested per year.

18. The following predominate among the indirect (underlying) causes: (a) lack of valuation of forest assets and biodiversity; b) public policies favorable to agriculture and other sectors (such as livestock), to the detriment of forestry; c) lack of clarity in land tenure and distribution systems; d) institutional weaknesses in the monitoring of forest management and in combating corruption and illegal logging; (e) limited resources to strengthen the justice system in high-impact cases, such as invasions and usurpations of protected areas; f) little access to financial capital for long-term investments such as those demanded by forest management; and, g) population growth, increased poverty and lack of forest culture (Iarna-URL, 2012).

19. Under this threat scheme, it is evident that the dynamics of forests in Guatemala have always been marked by a recurring loss. If the baseline is 6,973,924 ha, it is estimated that during the period between 1950 and 2002, the initial area and the final area of forests decreased by 50%. During that time, the areas used for agriculture, grazing and other uses increased by 39%, 6% and 5%, respectively (Iarna-URL, 2012).

20. According to the aforementioned study by the Institute of Agriculture, Natural Resources and Environment of Universidad Rafael Landívar (Iarna-URL, 2012), 115

23 The population -mainly boys, girls and women- is at high risk of respiratory and heart disease, resulting in more than 5,000 deaths, with losses equivalent to 1% of the GDP. Estimates for the next ten years indicate that some 65,000 new families will consume fuelwood, which accentuates the problem (Global Alliance for Clean Cookstoves, 2014). For more information, see: http://cleancookstoves.org/resources_files/guatemala-plan-de-accion.pdf

areas with deforestation were identified throughout the country, where 42% occurred on 5 fronts (especially in the north of the country and within protected areas[24]) and the other 58%, occurs in 110 areas distributed in the rest of the national territory. In the latter case, the loss of coverage is related to urbanization, fuelwood collection, small-scale agriculture, logging on coffee and sugar plantations, forest fires, pests and diseases, among other factors.

21. The annual gross profit of forest cover for the period 2001-2006 increased significantly compared with the decade from 1991 to 2001, from 19,987 to 53,768 ha per year. This trend continued in 2006-2010, a period in which an annual gross profit was reached in forest cover equivalent to 93,541 ha. By the end of 2015, 133,638.23 ha had been reforested and 232,765.59 ha subjected to natural regeneration management through the National Forest Incentives Program (Pinfor, for its acronym in Spanish), for a total result of 366,403.82 ha.

22. However, most of the volume of wood generated by the country is traded with a low added value of primary products, such as lumber boards, beams, among others. Only 18% of the wood exported in 2008 consisted of products with high added value: doors, furniture, staves, etc. Exports were dominated by more than 70% by conifers (pine species alone accounted for 60% of exports in the period 1997-2008) (World Bank, 2010). However, the export trend remains positive (INAB, 2012).

1.4.2 Changes in forest cover

23. Comparing the 2006 and 2010 coverage maps, the annual net forest loss was 38,597 ha, equivalent to an annual deforestation rate of 1.0%. This figure is 20% lower than during the period 2001-2006, for which the net forest loss was 48,084 ha.

24. A major event for Guatemala in 2010 was the promulgation of the F*orest Incentives Act for Small Land Holders of Forest or Agroforestry Vocation*, Decree 51-2010 (better known as the *Pinpep Law*),[25] whose purpose is to support holders of small tracts of land, with a forest or agroforestry vocation, of less than 15 hectares. By 2016 this program has encouraged the reforestation and management of 69,405.29 ha, which has benefited a total of 95,978 users, including 84,213 women (INAB, 2016).[26] [27] The evolution of forest dynamics can be seen in the table and Figure 2.

24 Iarna-URL (2012) reports that from every four hectares lost in the period 2006-2010, three happened within the Sigap, and one outside it.

25 According to this law, the Pinpep was assigned between 0.5% and 1% of the State's budget.

26 Available in the section on monitoring and evaluation on the INAB website (www.inab.org).

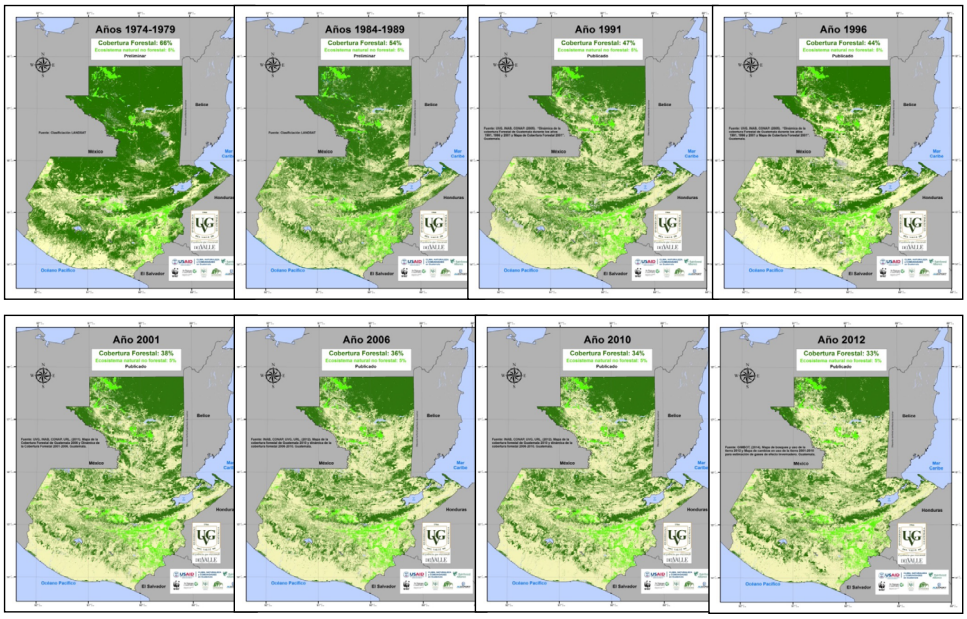
27 Prior to Pinpep, the National Forest Incentives Program (Pinfor) was created in 1997 as a tool for the long-term national forest policy, which began in 1997 and runs until 2016. Pinfor plantations that are reaching their harvest period will be part of the strengthening actions in the Forest Investment Plan.

Table 2. Historical trends of deforestation in Guatemala

Year	Percentage of territory (coverage in millions of ha)	Annual rate of deforestation (% and ha)
1991	42.00% (4,56 millions of ha of forest)	1.5% - 73,000 ha
2001	36.80% (4,01 millions of ha of forest)	
2006	35.50% (3,87 millions of ha of forest)	1.16% - 48,000 ha
2010	34.20% (3,72 millions of ha of forest)	1.30% - 36,528 ha
2012	33.74% (3,67 millions of ha of forest)	0.46% - 25,000 ha

Fuente: INAB, Conap, UVG, URL (2012)

Figure 2. Forest dynamics at the national level for the period 1974-2012



Source: INAB, Conap, UVG, URL (2012)

1.4.3 Estimation of carbon pools and GHG emissions in priority areas

25. In 2014, Guatemala conducted a preliminary approach to its GHG emissions at the national level according to the five sub-national REDD+ regions, and it was determined that in the reference period 2001-2010, about 11.48 million tCO^2e were emitted annually (FCPC, 2014). Table 3 provides an approximate summary of these estimates. The FIP will support

actions to strengthen these REDD+ regions, as they overlap in at least four of the most important REDD+ regions.

26. These preliminary calculations are being updated and refined by Gimbot, based on technical advice from Winrock International. In addition, it is important to indicate that these scenarios are elaborated according to the methodological framework of the Forest Carbon Partnership Facility (FCPF) for the period 2001-2010.

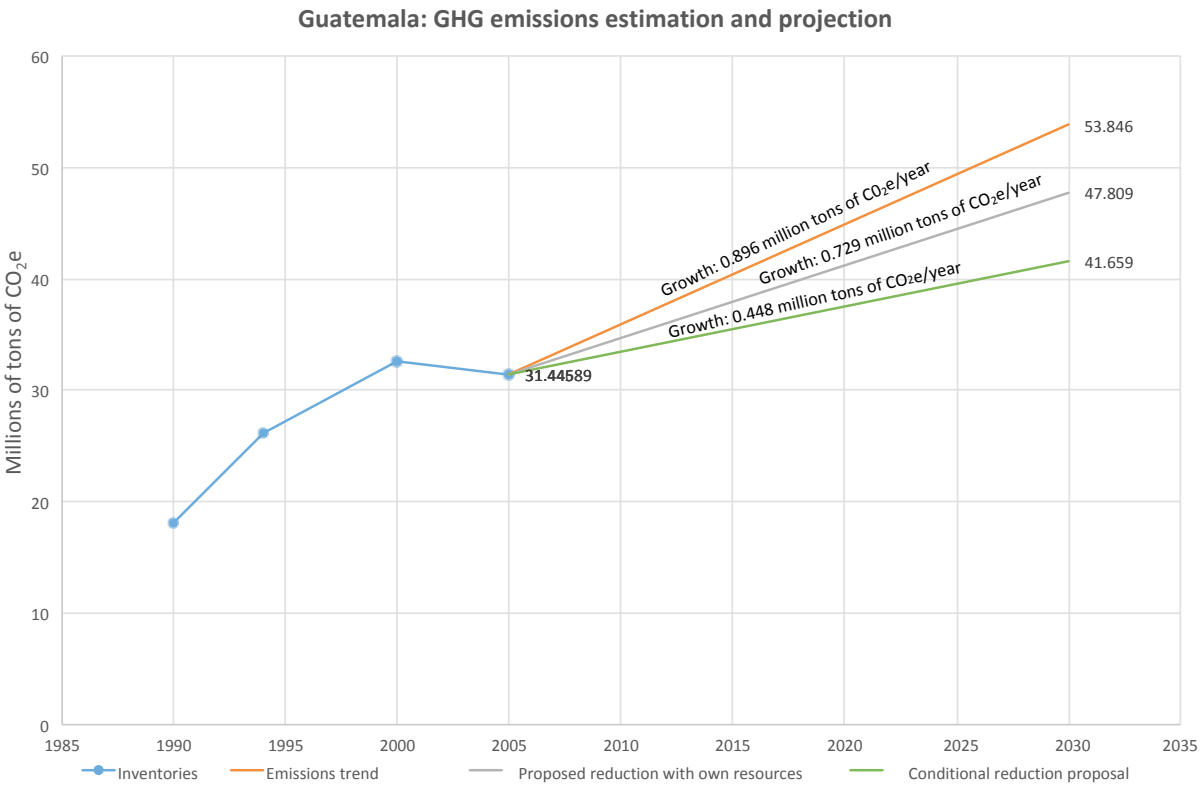
Table 3. Preliminary estimate of GHG emissions reference level (2001-2010)

Num.	Description/ REDD+ Region	REDD+ REGION					Guatemala
		Highlands	Northern lowlands	Sarstún-Motagua	East central	South coast	
1	Forest area (ha) 2010	736,248.00	2,035,258.00	575,630.00	211,922.00	154,335.00	3,713,393.00
2	Forest loss (ha) 2001-2010	161,232.00	528,641.00	142,546.00	107,974.00	64,757.00	1,005,150.00
3	Forest gain (ha) 2001-2010	194,153.00	140,680.00	105,787.00	54,782.00	68,209.00	563,611.00
4	Rate (%) of forest loss 2001-2010	16,622.00	54,499.00	14,695.00	11,131.00	6,676.00	103,623.00
5	Rate(%) of forest gain 2001-2010	20,016.00	14,503.00	10,906.00	5,648.00	7,032.00	58,105.00
6	Emissions for forest loss (millions tCO^2/ year) 2001-2010	-3.38	-11.07	-2.99	-2.26	-1.36	-21.06
7	Coverage gain removals (millions tCO^2/year) 2001-2010	3.30	2.39	1.80	0.93	1.16	9.58
Total emissions/removals (millions tCO^2/year) 2001-2010		-0.08	-8.68	-1.19	-1.33	-0.20	-11.48

Source: FCPC (2014)

27. On the basis of national inventories of 2005 (MARN, 2015a), it has been determined that Guatemala has had an average growth of total GHG emissions of 31.45 million tCO^2e, of which 8.51 million tCO^2e (approximately 27%) correspond to the land use, land-use change and forestry (LULUCF) sector. It was also reported that the country has had an average growth of emissions of 0.90 million tCO^2e per year in the period 1990-2005 (Figure 3).

Figure 3. Guatemala: Trends in emissions, projections and contributions



Annually	-0.338	-1.107	-0.299	-0.226	-0.136
30%	-0.1014	-0.3321	-0.0897	-0.0678	-0.0408

Source: MARN (2015)

Section 2. Identification of GHG reduction opportunities

2.1 Specific emission reduction opportunities

1. In *Guatemala's Intended Nationally Determined Contribution (INDC)*, published in 2015,[28] Guatemala aims to contribute to reduce up to 22.6% of its projected GHG emissions by 2030, across all productive sectors, which is a target conditioned to financing. It is estimated that through the strengthening of the activities contemplated in the *Law of Protected Areas, Decree 4-89; Forest Law, Decree 101-96; Forest Incentives Act for Small Land Holders of Forest or Agroforestry Vocation, Pinpep, Decree 51-2010*; and, *Law in favor of Forests, Decree 2-2015*, and its articulation with the *National REDD+ Strategy*, can contribute to this goal, taking into account that the land use, land-use change and forestry sector contributed with 27% of the total emissions in 2005 (expected to be much more significant with the data being updated).

2. Based on analyses and diagnoses carried out at the national level on the agents of deforestation and forest degradation -described in section 1.4.1,- it is necessary to design interventions to address the direct and indirect causes of this problem from an integral approach. This means that, in addition to reducing GHG emissions, forests can improve the livelihoods of the rural population, respecting the rights of indigenous peoples and local communities, conserving biodiversity and generating benefits (social, cultural and economic).

3. The FIP's investment opportunities will, thus, be focused on areas where the highest levels of deforestation and forest degradation are generated. They will also seek the restoration of degraded ecosystems through increased carbon pools. Table 4 presents an analysis of the relationships of direct and indirect causes and the identification of opportunities for emission reductions within the objectives of the FIP.

28 Available at: http://www4.unfccc.int/submissions/INDC/Published%20Documents/Guatemala/1/Gobierno%20de%20Guatemala%20INDC-UNFCCC%20Sept%202015.pdf.

Table 4. Opportunities to reduce emissions based on the causes of deforestation

Main promoters of deforestation and forest degradation in Guatemala		Quantitative and qualitative indicators of the current situation	Opportunities within the FIP's objectives			
			1. Strengthening and consolidation of governance and governability of the country's forestry sector	2. Comprehensive valorization and sustainable management of forests, as well as increased carbon stocks	3. Mobilization of financial resources of the private sector	4. Innovation of experiences on the deliberations of climate change
Direct	a) Land-use change for small and medium-scale agricultural purposes	58% of deforestation occurs on 110 fronts in the south of the country (*ER-PIN 2014)*	X	X	X	X
	b) Extensive production of livestock, African palm and rubber in the north and northeast of the country	42% of deforestation occurs on 5 fronts in the north of the country (*ER-PIN 2014)*	X	X		
	c) Demand for fuelwood as primary source of energy	A total of 27.98 million m^3 and estimated supply of 17.96 million m^3, with a deficit of 10.02 million m^3 (*National Strategy for the Sustainable Production and Use of Firewood 2013-2014)*	X	X	X	X
	d) Illegal extraction of wood and fuelwood in natural forests	35.81% of illegal logging Between 30-50% of illegal logging	X	X		
	e) Invasions linked to drug trafficking within protected areas	Four deforestation fronts in Petén: (Laguna del Tigre and the National Park called Sierra del Lacandón) (*ER-PIN 2014*)	X	X		
	f) Forest fires and, to a lesser extent, forest pests	3,272 outside Sigap y 1,951 within Sigap (Cemec, 2016)	X	X		X

Indirect	i) Lack of valorization of forest assets (timber, non-timber products and environmental services)	Low level of transformation, lack of corporate producer-industry partnerships and exploration of alternative markets, reflected in a low sector GDP (2.60% in 2009)	X	X	X	X
	ii) Public policies unfavorable to the forestry sector (in terms of its budget allocation)	Technology and infrastructure to compete in international markets (workshops on socialization of the Forest Investment Plan)	X		X	X
	iii) Lack of clarity in land tenure and distribution systems	Community territories in areas with indigenous populations pending delimitation and allocation (workshops on socialization of the Forest Investment Plan)	Outside the scope and capabilities of the FIP because of the long-term problems and policies regarding distribution and titling. However, some initiatives within the scope of FIP intervention are expected to be addressed or supported, especially in indigenous territories linked to municipal or protected areas with territorial problems.			
	iv) Institutional weakness for the monitoring of forest management and the fight against corruption and illegal logging	"Low allocation of resources to monitor forestry sector activities (0.15% of national GDP). Poor participation of municipalities to prevent illegal logging and overexploitation (Article 58 of the Forest Law)"	X	X		
	v) Limited resources to strengthen the judicial sector in high-impact cases, as invasions and usurpations of protected areas	Growth of livestock and usurpation of land within the MBR and other protected areas of the country	The FIP contribution will focus on strengthening governing institutions responsible for the management of natural resources and, therefore, include some actions (and resources) to prevent and control illegal acts within protected areas.			
	vi) Lack of financial mechanisms favorable to forestry investment	Incipient confidence of public and private banks towards the forestry sector	X		X	
	vii) Population growth, increased poverty and lack of forest culture	16.18 million people and an increase of 2.4% in the poverty level, that reaches 23.4% (INE, 2015)	Underlying factors that obey the extractive economic model of the country, which, by their nature, are outside the total control of the IP. However, they are expected to be addressed or mitigated in the FIP intervention regions.			

Source: Own preparation, based on sources cited in the table (2016).

2.2 General lines of intervention as actions to reduce GHG emissions

4. Based on the *National REDD+ Strategy* (*Medium-Term Report*),[29] the *Emission Reduction Program Idea Note (ER-PIN)*,[30] planning frameworks and institutional competence activities, analysis of preliminary diagnoses and consultations and, mainly, the recommendations of the first FIP Joint Mission for Guatemala, three lines of intervention were defined, which apply to both the public and private sectors. For the interventions of the public sector, four regions were selected, while for the private sector, these interventions will be carried out at the national level with the aim to respond more efficiently to demand and market opportunities.

Line 1: Institutional strengthening of the sector. Increase and maintain the coverage and restoration of the forest landscape through the implementation of institutional strengthening programs aimed at entities related to the management of forest resources (public sector, private sector, local governments, indigenous authorities and local communities), in order to ensure the fulfillment of its functions in terms of management and extension, monitoring, surveillance, traceability and certification.[31] It includes the strengthening of INAB and Conap, municipal offices (MOs), community-based organizations, among others.

Line 2: Sustainable forest management. Promote responsible forest management and trade (RFMT), agroforestry and silvopastoral systems within and outside protected areas, considering that sustainable forest management should contribute to the consolidation of a culture of production and rational consumption of forest resources for the gradual achievement of solutions to the environmental problem. Among other actions, this line would be dedicated to the development of: a) the enhancement of forest-industry-market (FIM) partnerships to generate added value and access to markets; b) access to public and private financing; c) diversification of private production (forestry and agroforestry MSMEs with intermediate products of forest plantations); d) supply organization; e) sustainable production of fuelwood; and, f) promotion of responsible purchasing policies (RPP) of certified products as a basis to guarantee the sustainability of forestry enterprises.

Line 3: Governability and governance in protected areas, indigenous peoples and local communities. This line seeks to prevent deforestation and forest degradation by promoting and strengthening the participation of local actors and indigenous authorities in forest landscape management. For this purpose, it is necessary to improve governability and governance, as well as the implementation of

29 *Medium-Term Report for Guatemala* presented to FCPF on March 2016.

30 *Emissions Reduction Program Idea Note (ER-PIN)*, September 2014.

31 During project elaboration, the municipal offices that will be part of the actions of the Forest Investment Plan will be identified.

productive activities and services in territories prioritized within protected areas (PAs) and those related to indigenous peoples and local communities. This, within the framework of respect for the rights of indigenous peoples and the rights of women.[32] It involves actions to promote institutional strengthening, so that institutions provide legitimate and effective responses to the following social demands: a) satisfactory provision of services to the population, based on a consistent, inclusive and adaptable legal and technical framework; b) institutional coordination for the control and surveillance of the territories; c) development of productive and conservation pilot projects in areas with high ecosystem value; d) support to forest management and administration processes; e) development of productive alternatives (in accordance with the legal framework) for the improvement and diversification of livelihoods; (f) strengthening and building of partnerships between the Government and indigenous peoples and their authorities, local communities and women's groups, enabling joint management of the natural heritage, facilitating access to and conservation of the natural heritage.

2.3 Intervention approach

5. From a holistic view of land management, the development of a forestry landscape approach and an effective level of intersectoral and programmatic coordination are proposed, considering the fulfillment of FIP criteria, the generation of social, economic and environmental co-benefits, and interconnectivity with natural ecosystems, so as to ensure effective reduction of the causes of deforestation and forest degradation. At the programmatic level, a link is expected between management initiatives in natural forests (Conap) and processes of restoration of the forest landscape with the support of the forest incentives programs (INAB*)*.

6. The aim in these territories is to promote and facilitate the participation of local actors in partnership with public sector entities, with a view to promoting the sustainable management of the forest landscape. This will be achieved by: a) improving the efficiency of administrative, technical, legal and operational processes provided by institutions authorized by law for forest management (INAB, Conap, Diprona, Municipalities); b) access to public and private financing; (c) access to markets; and, d) improved participation in decision-making and control and monitoring of activities in the territory (governance and governability).

7. In each of the selected geographic regions, the potential projects to be developed will be prioritized, in accordance with the legal mandates of the public administrative institutions, according to their categories (Conap within protected areas and INAB outside protected areas), as well as the incorporation of inputs from the processes of socialization and collection of information that have been developed in each priority

32 According to the diagnosis made through the Grupo Promotor de Tierras Comunales, in 2007 there were 1,306 cases of communal land in Guatemala, with a total area of 1,577,129 hectares (15,771 km^2), equivalent to 14.48% of the national territory, with representativeness in all the cultural and ecological areas of the country (INAB, 2013).

area. Likewise, the potential of private investment and the linkages with the actions contemplated in the *National REDD+ Strategy* will be considered. In a transversal way, gender considerations will be applied in all interventions

Section 3. Legal framework and enabling conditions

3.1 Legal framework

1. The main rules governing the management of forest resources in Guatemala are the *Protected Areas Act, Decree 4-89*;[33] the *Forest Law, Decree 101-96,* which includes *Pinfor;* the *Forest Incentives Act for Small Land Holders of Forest or Agroforestry Vocation, Pinpep, Decree 51-2010*;[34] and, the *Law Promoting the Establishment, Recovery, Restoration, Management, Production and Protection of Forests in Guatemala, Probosque, Decree 2-2015*.[35] The first of these legal bodies established the Sigap under the authority of Conap. This system groups a total of 243 protected areas covering more than 3.2 million ha, equivalent to 32% of the national territory.

2. INAB currently manages the forestry incentive programs known as Probosque[36] and Pinpep. Both Pinfor (completed at the end of 2016) and Pinpep have allowed the protection, production, reforestation and implementation of agroforestry activities in more than 435,809.11 ha of national forests. Both have benefited more than 900,000 landowners and holders. Pinpep supports the forestry activity of small farmers without title deeds, in areas from 0.1 ha. The Government has invested more than USD290 million in both programs over the last seventeen years. As of 2017, the *Law Promoting the Establishment, Recovery, Restoration, Management, Production and Protection of Forests in Guatemala, Probosque*, has been in operation and will be for 30 years (2017-2046).

3. These policies have resulted in the participation and distribution of benefits among forest land owners and holders, as well as between local communities. They have also contributed to the conservation and economic development of the poorest and most vulnerable groups, including indigenous peoples and women's groups (INAB, 2015a). Between 1988 and 2015, more than 4.1 million people (of which 30% were women) benefited from Pinfor, while between 2007 and 2015, 135,000 people benefited from Pinpep, of which 57% were beneficiaries belonging to indigenous peoples, and 30% were women.

4. The *Probosque Law* provides for allocating not less than 1% of the national budget – around USD40 million annually- to promote protection, restoration and good forestry practices. It is expected that for the period between 2017 and 2046 one of the impacts

33 Among others, establishes that each protected area is created by law in accordance with the procedure established in Article 12.

34 Hereafter, *Pinpep Law*.

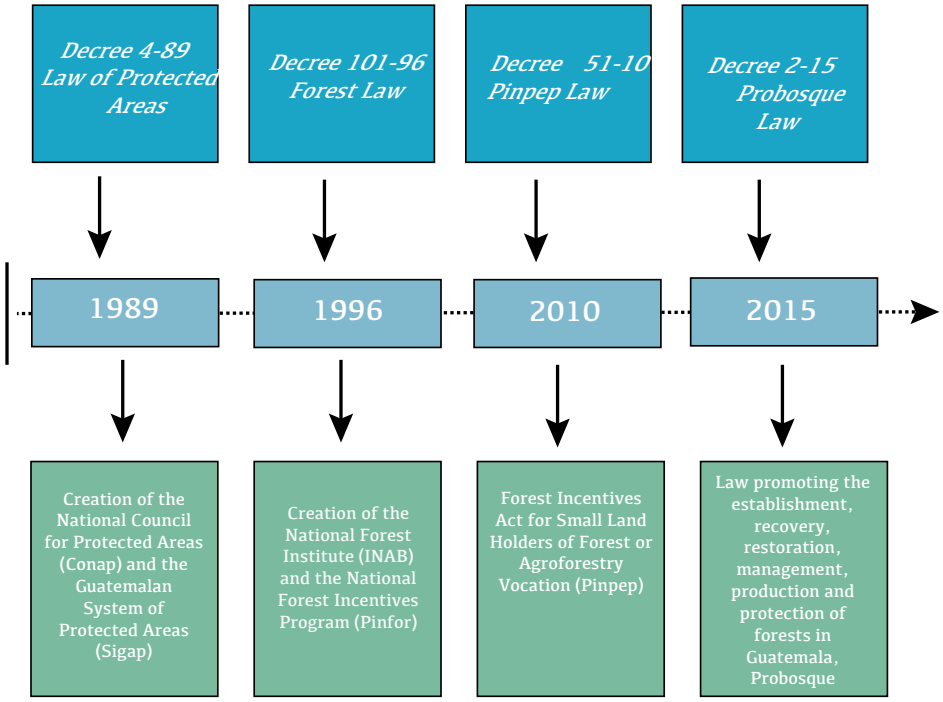
35 Hereafter, *Probosque Law*.

36 The validity of the Pinfor was stipulated in the law that created it *(Forest Law of 1997).* Therefore, the program has concluded its activities in 2016. Many of the benefits of Pinfor *r*elated to forest plantations will form a core part of the actions proposed by the FIP. 5 Article 9 of the *Probosque Law*.

of this law is the establishment of 1.2 million ha of forest. This would benefit more than 1.5 million rural families (where 30% would be women) (INAB, 2015a). Figure 4 presents the process of institutionalization of the different instruments of forest policy and regulation in Guatemala over the last 25 years.

5. Another standard that is relevant to mention in terms of the development of the Forest Investment Plan is the *Framework Law to Regulate Vulnerability Reduction, Mandatory Adaptation to the Effects of Climate Change and Greenhouse Gas Mitigation, Decree 7-2013*. This instrument identifies the LULUCF sector as a priority within adaptation and mitigation strategies.

Figure 4. Main forest laws in Guatemala (1989-2015)



Source: Own preparation (2016)

6. Other policies and plans affecting forest management in Guatemala include the forest policy, the agrarian policy, the *National Forestry Agenda*, the *National Biodiversity Strategy and Biodiversity Policy* (including the *2012-2022 Action Plan*), the *Forest Concession Policy of the MBR*; the *Forest Fire Prevention and Control System (Sipecif)*; the *Inter-Agency Action Plan for the Prevention and Reduction of Illegal Logging in Guatemala*, the *National Strategy for the Sustainable Production and Efficient Use of Firewood*, the *National Forestry Landscape Restoration Strategy 2015-2045*, the *National Policy on Climate Change*, the *Environmental Protection and Improvement Law*, the *Cadastral Information Registration Law*, the *Law of Municipalities*, the *K'atun National Development Plan: Our Guatemala 2032*, the *Energy Policy*

2013-2027 (its fifth axis addresses the efficient use of fuelwood), and the *National Action Plan on Climate Change*, among others.

7. In this regard, it is important to note that there are different laws and standards in which the links between gender, forests and climate change are observed. Regarding laws that affect forest management, the *Pinpep Law* includes among its objectives to promote gender equity, prioritizing the participation of women in the management of natural forests, the establishment and maintenance of forest plantations and agroforestry systems. The *Framework Law on Climate Change, Decree 07-2013*, includes among the guiding principles that Integrality, which consists of "[...] considering cultural and ethnic relevance as well as the gender perspective, in the design of plans, programs and actions," must be observed in decision-making and actions.
8. Similarly, the *Law on Dignification and Integral Promotion of Women, Decree 7-99*, establishes in article 16 that it was created to promote and guarantee a better quality of life for women. The Government, on the other hand, will promote policies regarding development and a real harmonious relation with nature, oriented towards the good use of its resources. It shall also take all necessary actions to restrict the use of technologies that violate, degrade or endanger the balance of the ecological system, the biosphere and the national environment.

3.2 REDD+ Strategy[37]

9. *G*uatemala has made significant progress in the development of the *National REDD+ Strategy*, the most recent revision of which has been presented in a midterm report approved by the FCPF in May 2016. The document stresses that Guatemala's REDD+ efforts focus on the fulfillment of the *Sustainable Development Goals (SDGs)*[38] and the agreements made at the twenty-first session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC, COP 21). In addition, its actions are aimed at supporting the GHG emissions reduction proposal for the period 2020-2030 in the Nationally Foreseen and Determined Contribution (NDC) submitted in 2015,[39] and the *National Climate Change Plan*.

37 Annex 4 includes a description of the progress made in the preparation of the *National REDD+ Strategy* for Guatemala.

38 See SDGs 1, 2, 5 to 13 and 15 to 17 at: http://www.undp.org/content/undp/es/home/sdgoverview/post-2015- development-agenda.html.

39 Available at: http://www4.unfccc.int/submissions/INDC/Published%20Documents/Guatemala/1/Gobierno%20de%20Guatemala%20INDC-UNFCCC%20Sept%202015.pdf.

10. In line with the Cancun Safeguards, Guatemala's *National REDD+ Strategy* guides, integrates and coordinates national forest policies, strategies and programs in a coherent manner for effective implementation. At the same time, it seeks to strengthen the capacities of local institutions related to forest management and organization in the country. The strategy addresses complementary components: organization and consultation; preparation of the *REDD+ Strategy*; development of reference scenarios and design of a forest monitoring system and safeguards. The proposed REDD+ options are: a) strengthening of the Guatemalan System of Protected Areas (Sigap); and, b) strengthening of the economic instruments of the *Forest Law* (Government of Guatemala, 2016), which agree with the projects proposed in the Investment Plan.

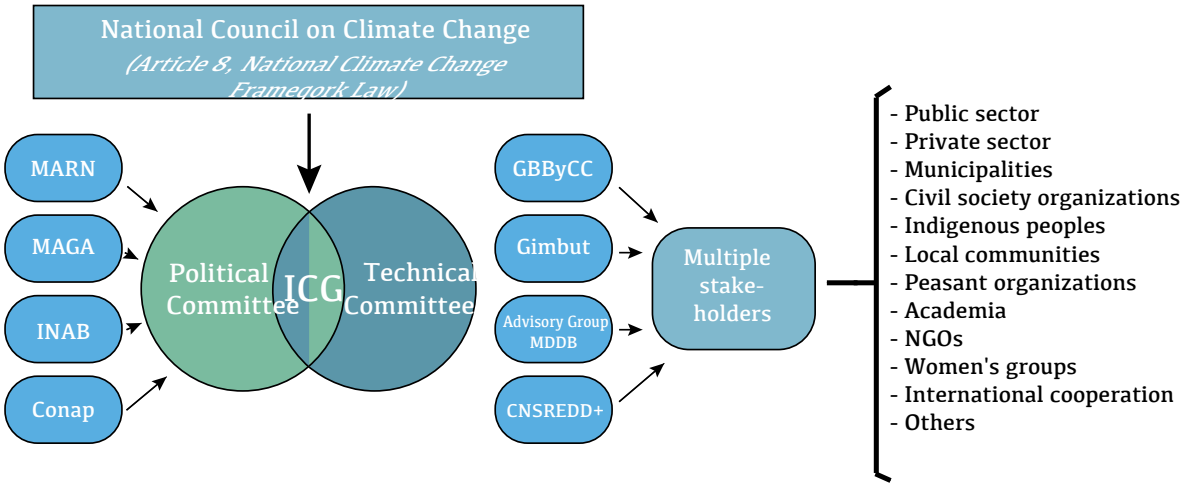
11. Several platforms participate in the preparatory process for REDD+ in Guatemala: a) the Interagency Coordination Group (IACG) made up of MARN, MAGA, Conap and INAB; and b) the Forests, Biodiversity and Climate Change Group (GBByCC, for its acronym in Spanish), made up of representatives from the private sector, academia, NGOs, local communities, women, indigenous peoples, civil society, and others. The latter includes the following commissions:

    a) Inter-Agency Group for Forest Monitoring and Land Use (Gimbot), made up of the institutions of the IACG and two private sector universities in Guatemala; b) the Multisector REDD+ Safeguards Committee (CMSREDD, for its acronym in Spanish); and, c) REDD+ GIREDD + Implementers Group (Guatecarbón, Lacandón, Costa Caribe and Funda-Lachuá), made up of agencies from the sector, indigenous peoples and local governments (ER-PIN, 2014).

12. In order for REDD+ processes to be effectively implemented, it is important to include the gender approach, and thereby contribute to the empowerment of women, promote compliance with international commitments on gender equality, ensure a human rights-based approach to development, establish frameworks for effective participation (especially for women in rural areas), and increase the recognition of women as important managers, key stakeholders and decision makers on forests and forest management.[40]

40 Guidance note on REDD+ under a gender approach (Onuredd, 2013).

Figure 5. Multisectoral coordination and articulation platforms: REDD+ process



Source: REDD+ National Management Mechanisms (Guatemala)

13. The preparation of the strategy is coordinated by the IACG and its components are being developed jointly with multiple stakeholders (private sector, local communities, indigenous peoples, local governments, NGOs, academia, women's associations, among others). The agenda that is taken into account includes: a) organization; b) participation and consultation; c) strategy options; d) emission reference levels; and, e) emission monitoring and safeguard systems, among others.[41]

14. During this process, the gender units of the entities that form the IACG –with technical and financial support from the International Union for Conservation of Nature (IUCN), technical support from the Inter-American Development Bank (IDB), and the participation of leaders of indigenous organizations and various associations– have carried out, between 2015 and 2016, four workshops aimed at strengthening the technical capacities of community leaders with regard to climate change, forests and the REDD+ mechanism. A proposal is also being made of the roadmap for incorporating gender considerations into the *National REDD+ Strategy*, based on: land tenure; distribution of benefits; diversification of livelihoods; well-being of women; good governance; maintenance and improvement of biodiversity and environmental services; full and effective participation; and, compliance with laws, treaties and conventions to meet social and environmental safeguards.

15. This entire legal, institutional and policy framework, the level of consolidation of forest governance platforms and their participation in forest management, as well as the participation of multiple stakeholders in the elaboration of the *National REDD+ Strategy* and the *Emission Reduction Program Idea (ER-PIN)*, represent a solid foundation that

41 *Idem.*

generates the necessary enabling conditions for the implementation of the FIP, which comes to strengthen the processes that Guatemala is developing.

3.3 Some political and institutional limitations and challenges

16. While there is a political and legal framework for forest management, it is not sufficiently consolidated in relation to other sectors prioritized by the Government. At least not enough to make forest resources a true pillar of rural economic development and a strategic axis of adaptation and mitigation in the face of climate change.

17. In addition, both governance and good forest management are constrained by limited budget allocations compared to other sectors. The tax support system allocates only 0.15% of the GDP to the administration of natural resources (forests) through the budgets of INAB, Conap and MARN (R-PP, 2013). This, coupled with low private investment in the forestry sector, increases the risks of natural capital deterioration, as well as conflict and socio-environmental vulnerability.

18. Another limitation on the financing of incentive programs is the delay in payment schedules. The uncertainty that this generates prevents such payments from being used as debt collaterals due to the unreliability of the payments. Therefore, some previous attempts to develop financial mechanisms within the forestry sector have not prospered when they are released. In addition, forest management also faces overlaps of competencies and functions between authorities linked to the sector.

19. Problems related to land tenure are entrenched constraints and conflicts that are beyond the scope of the FIP. However, they are decisive for the success of the proposed actions. Addressing this problem will be dealt with on a case-by-case basis and with the support of local governments and community support committees, such as the Municipal Development Councils (Comudes, for its acronym in Spanish) and Community Development Councils (Cocodes, for its acronym in Spanish) and the ancestral community authorities (town councils, indigenous municipalities, among others), especially in territories led by indigenous peoples under community administration schemes.

Section 4. Joint benefits with Forest Investment Program investments

1. In addition to the reduction of GHG emissions, the proposed forest investment lines seek to generate multiple social and environmental co-benefits (Table 5).

Table 5. Expected FIP co-benefits and scope indicators

Item	Co-benefits					Indicators
Institutional	Simplification of the institutional framework and legal instruments to facilitate forest management and governability	Implement-ation of governance and governability in indigenous territories and in local community associations and committees	Strengthening of control and surveillance systems in protected areas (at priority sites)	Increased participation and inter-institutional coordination for the development of program-matic actions within the FIP	Creation of synergies at the institutional level (Conap-INAB-MAGA), development of local capacities and strengthening of grassroots organizations	1. Rules and regulations in force 2. Partici-pating local governments and community-based organizations 3. Control and surveil-lance systems in force
Social	Livelihood development of indigenous peoples and local (rural) communities	Strengthen-ing of food security and health under a gender approach	Generation of jobs under a gender approach	Support for conflict resolution related to tenure	Increase the participation of women and industries promoted by women's groups	1. . Increase in employment rates in rural areas 2. Increase in food security 3. Increase in the percentage of employment opportunities for women and men

Economic	Assessment of forest and agroforestry products and environmental services (ecosystem services)	Increase in value chains and production and marketing partnerships	Development of accessible financing mechanisms for women and men	Increase of market opportunities	Increase in alternative incomes through productive actions within and outside the forest	1. Increase in volumes of value-added products 2. Number and amounts of alternative sources of investment 3. Increased sustainable supply of fuelwood (hectares under forest management) 4. Number of new markets identified 5. Increase in production and marketing
Environ-mental	Protection and conservation of biodiversity	Protection of watersheds and strategic territories	Increase of forest cover in vulnerable territories	Ecosystems and populations more resilient to the effects of climate change	Reduction of threats such as forest fires, pests, and invasions	1. Reducing rates of deforestation 2. Increase of carbon pools 3. Improve-ment of water flows (quantity and quality) 4. Reduction in the number of forest fires
Overall benefit	Rural and institutional development linked with the forestry sector in Guatemala					

Source: Own preparation (2016)

2. The implementation of the investment plan (IP) in at least four of the five REDD + regions proposed in the *ER-PIN* will include areas in extreme poverty, with lack employment opportunities, and have a high consumption rate of fuelwood. Therefore, proposed actions will help reduce deforestation and degradation, in addition to contributing with the improvement of the livelihoods of the local population. The four proposed regions are even more relevant because they have at least 90% of the remaining forest cover in Guatemala.

Section 5. Collaboration among MDBs and other partners

1. Currently, Guatemala is implementing a USD3.8 million grant from the FCPF for the REDD + preparatory phase, where IDB is the implementing partner. After the midterm progress report was presented, an additional USD5.0 million was obtained for the preparation phase, which is now available for implementation.
2. This process is led by the IACG, which coordinates the preparation of the National REDD + Strategy through different coordination mechanisms with multiple stakeholders (see Figure 5). These coordination mechanisms also involve other strategic partners with whom the preparation of the REDD+ strategy is articulated technically and financially, with actions that can complement the FIP. These include:
    - Carbon Fund and National Emissions Reduction Program
    - KfW and its program in the highlands, in addition to its recent commitment with the eastern region of Guatemala
    - Food and Agriculture Organization of the United Nations (FAO)
    - International Union for Conservation of Nature (IUCN)
    - U.S. Agency for International Development (USAID) through the Climate, Nature and Communities in Guatemala Project (USAID/CNCG)
    - United Nations Development Programme (UNDP)
    - Global Alliance and World Bank (improved stoves' action plan)
    - REDD+ SES (strengthening of safeguarding capacities)
3. Through multisectoral coordination mechanisms, the country has managed complementary technical and financial support for the *Readiness* phase, achieving approximately an additional USD3.0 million from the different programs or projects executed by these strategic partners. This coordination has continued and has been strengthened for the REDD+ implementation phase, within the framework of the elaboration of the Forest Investment Plan. This has been achieved through the inclusion of these strategic partners in the governance tables and FIP-specific participation and consultation spaces.
4. With the support of the IACG, the articulation of complementary efforts for the implementation of GHG emission reduction activities in the forestry sector has been

promoted, which in the case of the FIP, represents existing dialogue spaces. The specific actions developed by these organizations are summarized in Table 6.

Table 6. Main MDB collaborators in the development of the Forest Investment Plan

Strategic partner	Complementary support in the REDD+ preparation phase
IDB	At the request of the Government of Guatemala, it is the implementing partner of the FCPF resources for the National REDD+ Strategy. The IDB advised the Government in the preparation of the proposal presented to the Carbon Fund, a role from which it facilitated the articulation of stakeholders for participation in the design of the investment plan (IP), as well as the complementarity and alignment with the options, measures and territories prioritized in the REDD+ Strategy. It has also guided the complementarity of both financing sources (FCPF and FIP). The IDB has supported the development of pilot models with the public and private sectors through the MIF, which are contributing elements of these experiences prior to the design of the IP, especially in the development of a mechanism that promotes the leverage of private banking. In the area of complementarity with other climate finance funds, it is an implementing partner of the Program for the Efficient Use of Firewood in Indigenous and Rural Communities of Guatemala, approved by the NAMAs Facility for an approximate amount of USD12 million. This program is being harmonized with the prioritized areas for sustainable wood production actions within the FIP framework.
FAO	Through FAO, the use of forestry governance platforms was coordinated for the consultation phase of the Forest Investment Plan. These platforms are made up of community-based organizations that FAO has helped to develop. Among them, the regional forest consensus work groups, the Alliance of Community Organizations and some forest producers' organizations. Likewise, the complementarity of investment activities will be coordinated with agroforestry institutions and organizations dedicated to the promotion of territorial rural development programs and adaptation and mitigation in the face of climate change.
UICN	IUCN has experience working and coordinating with indigenous peoples and local communities in Guatemala's forestry sector. This experience will serve as a basis for coordinating the development of the Forest Investment Plan with various groups of indigenous peoples and local communities through specific governance platforms. In formulating the projects, the map of indigenous peoples of Central America prepared by IUCN will be used, as well as the maps generated at the national level by the Guatemalan Academy of Mayan Languages (ALMG, for its acronym in Spanish) for the identification and prioritization of territories managed by indigenous peoples, with the aim of integrating them into the specific component of the Dedicated Grant Mechanism (DGM), as an integral part of the IP. In addition, various studies and specific actions supported by IUCN are being used in the framework of the Forest Law Enforcement, Governance and Trade (FLEGT) initiative for the identification and prioritization of activities under the forest-industry-market line of investment. For example, activities will be undertaken to reduce illegal logging linked to FLEGT.
USAID/ CNCG	This partner works in the development of value chains and investment lines in the forestry sector, mainly in the Maya Biosphere Reserve (MBR). For the implementation of the activities to be financed by the FIP, the support and experience of this strategic partner will be sought to generate market demand and promote the certification of timber products within the framework of the forest-industry-market line of investment. Work will also be done on identifying and strengthening productive activities of sustainable forest management as provided by the *Community Land and Indigenous Territories Strategy.*

GEF/UNDP	UNDP implements the project "Guatemala: Sustainable Forest Management and Multiple Benefits Programme" in four departments of the country. Its goal is to strengthen soil management, forest and biodiversity conservation processes to ensure the flow of ecosystem services and resilience to climate change. This project has managed to link its interventions with the municipal and national plans. The support of this partner will be sought to facilitate the linkage of FIP interventions with these plans, as well as the creation of value chains. On the other hand, UNDP is supporting the preparation of the Third National Communication on Climate Change and the first biennial report, so that the inclusion of FIP activities will be coordinated as part of contributions to climate change adaptation and mitigation.
KfW	The German cooperation supports Conap through the project "Strengthening the Guatemalan System of Protected Areas: Life Web," which is implemented in the department of Huehuetenango. This project seeks the expansion and consolidation of the Sigap and expects the conservation of the system's biological diversity as result. It also seeks institutional strengthening and the establishment of a compensation program for environmental services.
World Bank	Over the last few years, the World Bank has been accompanying the REDD+ process in its role of secretariat of the Forest Carbon Partnership Facility (FCPF), even though the multilateral bank leading the work with the Government has been IDB. Given its experience with the DGM, it has been agreed that the World Bank be the lead institution in the promotion of this mechanism, which will be activated once the FIP begins its implementation. In addition, and taking into account that Guatemala has applied and was accepted in the Carbon Fund, the World Bank will work with the Government in the preparation of the corresponding program.
UKSA	Considering the management and coordination that INAB, Conap and MAGA have developed for the achievement of the FMAP project, with the financial and technical support of UKSA, actions will be taken to strengthen governability and to apply technological innovations in the monitoring of natural forests and forest plantations in two pilot areas of the country that will be located in the departments of Petén, Alta and Baja Verapaz. This constitutes a potential source of synergy between the different components and actions that can be developed between the projects of the Guatemala FIP and the FMAP project.

Source: Own preparation (2016)

Section 6. Identification and rationality of programs and projects to be co-financed by the FIP

6.1 Background and rationale

1. According to the results of the 2005 national inventories, at least 27% of total GHG emissions (8.51 M tCO_2e) correspond to the LULUCF sector, which is corroborated by a study made by IARNA/URL in 2012. It identified 115 deforestation areas in the country, of which 5 fronts (especially in the north and within protected areas) account for 42% of deforestation. The rest, 110 foci, is located at the national level and accounts for the remaining 58%, due in particular to the growth of traditional slash-and-burn agricultural practice, among other factors.

2. However, the country's forest cover both in natural forests and plantations is a potential attractive for the depletion of GHGs. In relation to natural forests, at least 50% is within protected areas (Sigap), managed by Conap in relatively compact territories and where forests maintain their structure and functionality. The rest of the forest cover, outside protected areas, is in relatively dispersed extensions and fractioned forests. In both cases, however, and according to recent analyses of forest cover at national level, at least 34.19% (3.72 M ha) of the territory has forest cover (Gimbut, 2015).

3. For this reason, in its NDC, Guatemala identifies this sector as one of the most important for the reduction of emissions during the first period, by the year 2030. In addition, in the framework for the preparation of the *National REDD+ Strategy,* areas with greater potential for emission reduction have been identified and the necessary tools are being developed to move towards the implementation phase, including a broad process of consultation and participation. This information has been aligned with the Forest Investment Plan, so as to ensure the rationality of interventions.

4. Based on these analyses of the agents responsible for deforestation and forest degradation, and taking into account the barriers limiting the increase in carbon stocks, it is expected that the greater impact of the interventions supported by the Forestry Investment Plan would be determined by the implementation of scalable productive projects, the improvement of governance and governability, and the provision of financial alternatives.[42] All this in order to mitigate the effects of the expansion of agri-culture and its underlying causes, by integrating an intersectoral and programmatic scope (complementary actions between INAB and Conap).

42 They may include arrangements of agroforestry systems with subsistence or export crops (eg, cardamom, cocoa and/or coffee); the establishment of silvopastoral systems, payment for environmental services, ecotourism projects or ecosystem services, among others

6.2 Geographic approach for the development of programs and projects

5. In order to focus and co-finance FIP investments, four geographic regions (see Figure 6) were selected, which concentrate areas and attributes for the achievement of FIP criteria, especially regarding the potential for climate change mitigation, scaling potential, cost/benefit ratio, programmatic implementation potential (Conap/INAB), the generation of co-benefits and compliance with safeguards. These geographic areas are closely related to the regions prioritized in the *National REDD+ Strategy*. Although these regions appear to be extensive areas, the sites for FIP interventions within these proposed geographic regions will be selected when the corresponding weighted criteria are applied (Table 7). Working with these four zones is intended to develop cases in the most important areas where deforestation and degradation occurs, or there is potential to increase carbon pools that can then be replicated and scaled.

   a. **Petén Region (north and south):** The main selection criteria for this area include: a) high rate of deforestation (40,125 ha/year); b) degradation as a result of the highest occurrence of potential fires/heat points (46.6% in 2016); c) the country's largest carbon reserves (10.20 million CO_2); (d) important conservation sites for biodiversity connectivity (4 of 6 restricted-distribution ecosystems and 2/7 Ramsar sites); (e) presence of an important community organizational base (forest concessions); and, f) presence of an important forestry industry. Some actions associated with the usurpation of land in protected areas and invasions by illegal groups are potential factors of conflict that must be considered when implementing the proposed actions. According to the *ER-PIN (2014)*, this is an area of high archeological and historical value. Among others, it is located in Tikal National Park, which was listed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as a World Heritage Site.

   b. **Alta Verapaz and Izabal Region:** It is one of the most active regions in forestry management of both private producers and community organizations. It has reached the largest extensions and number of beneficiaries in forest incentive programs with plantations reaching the ages of exploitation. Therefore, it represents, a pole with conditions to promote the increase of carbon reestablishments through plantations and agroforestry systems. Other selection criteria include: a) the second region with the largest carbon stocks (5.2 million tCO_2e); b) high levels of extreme poverty (24.6% to 53.6%); and, c) the third region with the largest population (2.01 million people).

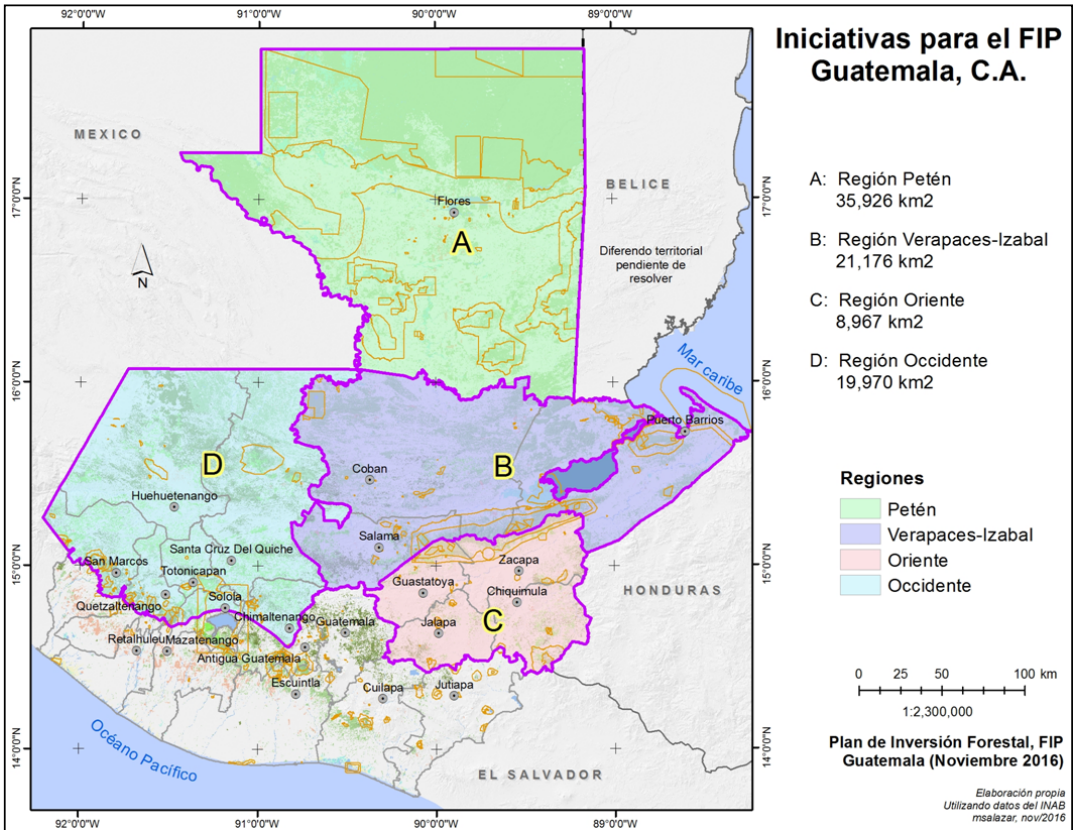
   c. **Eastern Region:** In this area, actions aim to promote the protection and restoration of forest cover as a social development instrument (agroforestry activity for food

security and sources of employment), and the restoration of soils (recovery of soils, ensuring water supply) of communities with high poverty rates. It includes the departments of Zacapa, Chiquimula, El Progreso and Jalapa, which constitute one of the most representative areas of the Dry Corridor of Guatemala.

The main selection criteria include: a) high levels of poverty (53.2% to 70.6%) and extreme poverty (13.2% to 41.1%); b) vulnerability to the impacts of drought; c) high levels of food insecurity; d) significant density of indigenous population; e) high interest of local governments to address the problem of forest degradation (there is an important base of uncontrolled associations); and, f) strong activity in the industry (one of the most important industrial poles in the country). In fact, this region is characterized by its high potential for the development of forest-industry-market linkages given its high number of forest industries.

d. **Western Region:** In this region —which includes the departments of Huehuetenango, Quiché, San Marcos, Quetzaltenango, Sololá, Totonicapán and Chimaltenango—, FIP actions will be aimed towards assisting in sustainable management and restoration of the forest landscape, mainly to promote the sustainable supply of fuelwood, but also to ensure other ecosystem services such as water (protection and recovery of forest cover in water-producing areas). The main selection criteria for this region include: (a) fuelwood consumption deficit (-10.3 million m^3/year), one of the main causes of carbon stock depletion; b) high levels of poverty (56.0% to 80-9%) and extreme poverty (16.7% to 41.8%); c) high density of indigenous population, d) high interest of local governments to address the problem of forest degradation; and, e) presence of a major forest industry. In addition, there is a high interest in addressing issues such as the problem of forest degradation, the potential for establishing energy plantations, the typology of degraded forest and the connectivity of the forest landscape within highly important water recharge basins.

Figure 6. Map of the four geographical areas selected



Fuente: Elaboración propia (2016)

6. Table 7 presents the analyses and weighing of the main criteria used for the selection of the geographic areas. This classification will allow decisions to be made regarding the criterion or criteria that predominates in a region and the targeting of more specific areas within the four areas of FIP intervention at the time of implementation.

Table 7. Analysis of the selection criteria for the identification of the geographical areas

Criterion/ Geographical area	Deforestation rate at national level	Degradation rate: number of fires and fuelwood consumption	Carbon forests reserves (natural and plantations)	Important sites for conservation and connectivity	Social indicators (Population, poverty, extreme poverty, lack of employment)
Highlands	'- Net change in forest cover: 80,38.41 (1)	- % of heat points detected in the country 8.6 (3)	- Estimated CO2e reserves 2016 - 2020 1.4 million(5)	- Restricted distribution ecosystems 1 (6)	- Poverty: 56.0 - 80.9 (8) - Extreme poverty: 16.7 - 41.8 (8)
	----	- Fuelwood production-consumption balance in millions of cubic meters -11.2 (4)	----	- Priority sites for habitat conservation 7 (6)	6,05 million inhabitants (Kaqchiquel, K'iche', Mam, Spanish)
				- Ramsar Sites 0 (7)	- Human Development Index 0.473/0.411 (9)
Petén	- Net change in forest cover: -40,125.18 (1)	- % of heat points detected in the country 47.7 (3)	- Estimated CO2e reserves 2016 - 2020 10.2 million (5)	- Restricted distribution ecosystems 4 (6)	- Poverty 60.8 (8) - Extreme poverty 20.2 (8)
	----	- Fuelwood deficit in millions of cubic meters - 4.4(4)	----	- Priority sites for habitat conservation 0 (6)	736 thousand inhabitants (Q'eqchi', Poqomchi', Spanish)
	----	----	----	- Ramsar Sites 2 (7)	- Human Development Index 0.387 (9)
Verapaces and Izabal	- Net change in forest cover: - 5,189.91 (1)	- % of heat points detected in the country 12.4 (3)	- Estimated CO2e reserves 2016 - 2020 5.2 million (5)	- Restricted distribution ecosystems 2 (6)	- Poverty 66.3 - 83.1 (8) - Extreme poverty 24.6 - 53.6 (8)
	----	- Fuelwood production-consumption balance in millions of cubic meters -1,3 (4)	----	- Priority sites for habitat conservation 0 (6)	2.01 million inhabitants (Q´eqchí, Poq´Omchí, Spanish)
	----	----	----	- Ramsar Sites 4 (7)	- Human Development Index 0.387 (9)
Eastern region	- Net change in forest cover: - 2,794.97 (1)	- % of heat points detected in the country 3.1 (3)	- Estimated CO2e reserves 2016 - 2020 0.8 million (5)	- Restricted distribution ecosystems 1 (6)	"- Poverty 53.2 - 70.6 (8) - Extreme poverty 13.2 - 41.1 (8)"
	----	- Fuelwood production-consumption balance in millions of cubic meters -1.3 (4)	----	- Priority sites for habitat conservation 0 (6)	1.17 million inhabitants (*Chortí* and Spanish)
	----	----	----	- Ramsar sites 0 (7)	- Human Development Index 0.469/0.452 (9)
Sources	(1) UVG, INAB, Conap y URL (2011). *Mapa de cobertura forestal de Guatemala 2010 y dinámica de la cobertura forestal 2006 – 2010.* (2) Iarna-URL (2012). *Perfil ambiental de Guatemala 2010 - 2012.*	(3) Heat points map. (4) *Bases de datos de consumo de leña de INAB (paisaje forestal)*	(5) ER-PIN (september 2014)	(6) Jolón, M. (2005). *Proyecto: Recopilación de Información sobre Biodiversidad en Guatemala. Informe final* - inbio.ac.cr, pages 55 and 56. (7) *Convenio Ramsar. Sitios* https://rsis.ramsar.org/es/ris-search/?language=es&f[0]=regionCountry_es_ss%3AAmerica%20Latina%20y%20el%20Caribe&f[1]=regionCountry_es_ss%3AGuatemala	(8) *INE (2015) Encuesta nacional de condiciones de vida 2014.* (9) *Programa de Naciones Unidas para el Desarrollo (2015). Estadísticas de Desarrollo Humano.* http://desarrollohumano.org.gt/estadisticas/estadisticas-desarrollo-humano/indice-de-desarrollo-humano-segun-componentes. Highlands: southwest/ northwest. Petén: north, Verapaces and Izabal: North Eastern region: Northeast/southeast

References			
Net change in annual forest cover:	Profit/balance	Loss >0 to <10.000 ha	Loss > 10.000 ha 3
% of heat points detected in the country	< 10%	10% to < 40%	> 40%
Fuelwood production-consumptions balance in millions of m3	Superavit/balance	Dé¿eficit < 1 million	Deficit > 2 million
Estimated forest and CO2e reserves 2016 - 2020	< 2 million tCO2 e	< 2 million tCO2 e	< 2 million tCO2 e
Restricted distribution ecosystem	0	1 ti 3	> 3
Priority sites for habitat conservation	0	1 to 3	> 3
Ramsar sites	0	1 to 3	> 3
Poverty	<25%	25% to 50%	>50%
Extreme poverty	<20%	20% to 30%	>30%
Human development indicators	> 0,5	0,4 to < 0,5	0 < 0,4

Source: Own preparation (2016)

6.3 Selected projects and programs[43]

Project 1: Sustainable forest management

General objective: Promote sustainable forest management processes aimed at improving the value chain of wood and restoring the forest landscape.

Specific objectives:

a) Strengthen the technical capacities of the institutions of the public forestry sector in order to efficiently meet the demands of users of the sector in terms of sustainable management of natural forests, conservation of biodiversity and recovery of degraded areas.

b) Increase the supply of timber and non-timber products, current and future, increasing yields, improving added value and access to processing and financing centers.

c) Promote the management of natural forests and the restoration of degraded areas, applying ancestral knowledge aimed at the provision of sustainable sources of fuelwood and wood, as well as conservation, promoting connectivity.

7. **Description of the intervention logic:** Thematically, this project focuses on addressing administrative, technical, market access and financial barriers that limit the greater coverage/expansion of sustainable forest management in the forest landscape. The scope of work of the project is mainly the institutional and the forestry industry. Territorially, it covers the four priority regions, in areas where the main deforestation fronts (Izabal and Petén), of degradation (Highlands), are located, where there is the greatest potential for increasing carbon stocks (Verapaces, Petén), and there are better institutional conditions for implementation (capacities of INAB and Conap), and there is

43 See Annex 1 for a detailed description.

better potential to achieve co-benefits (population living in poverty, high rate of indigenous population, areas of great biodiversity value and strategic areas for the production of water).

8. This project considers a five-year implementation period, during which time it is expected to address the proposed actions in a gradual way, in each geographical area and, with this, achieve significant progress in the proposed results and indicators.

9. The proposed interventions aim to improve the presence and institutional capacities of Conap and INAB in the prioritized territories (personnel, equipment, monitoring capacities, technical assistance, among others) and strengthen their institutional relationship with authorities (strengthening of municipal offices), improving access and efficiency of services provided to the population that participates or wants to participate in the sustainable management of the forest landscape.

10. Work will be done on facilitating market access for forest and agroforestry products, promoting the organization of supply and its added value. Industrial poles that have expansion conditions (Verapaces, El Rancho, Chimaltenango, Quetzaltenango, Petén) will be promoted as a mechanism to increase demand for forest products, especially timber from plantations that are reaching their harvesting period, as well as natural forests under sustainable management (forest concessions). All this in order to ensure the financial viability of plantations, agroforestry systems and natural forests under management.

11. This intervention strategy in the prioritized territories, in which the ancestral knowledge of indigenous peoples will be further applied, will result in the consolidation and expansion of plantation areas, preferably of endemic species, agroforestry and silvopastoral systems, and the sustainable management of natural forests through sustainable management and restoration[46] of the forest landscape, reducing deforestation and degradation, and increasing carbon stocks.

Project components

a) Institutional strengthening. Oriented to the effective attention of the demands (administrative, technical, legal, operative) of the users of the sector to promote their participation in the sustainable management of the landscape.

b) Linkage between forest-industry and market. It includes strengthening the value chains of forest products (timber and non-timber) and agroforestry, to generate added value and promote access to markets.

46 In the framework of the *National forest landscape restoration strategy 2015-2045* (Guatemala).

c) Sustainable forest management and restoration of the forest landscape. This, as a means to address the sustainable supply of fuelwood, the sustainable management of natural forest remnants and the connectivity of the forest landscape. The application of ancestral knowledge of indigenous peoples and local communities will be considered.

Project 2: Strengthening governance and livelihoods diversification.

General objective: Promote the efficient management of the forest landscape and its ecosystem services in pilot areas.

Specific objectives:

a. Strengthen administrative, legal, technical and operational institutionality with the aim of improving forest governance and governability.

b. Promote the involvement of local actors to generate strategic partnerships and promote full and effective participation in the control, monitoring and management of the forest landscape.

c. Consolidate and diversify sustainable productive activities in the forest landscape that promote the development of the livelihoods of indigenous peoples, women's groups and local communities.

13. **Description of the intervention logic:** The forest management model focuses on promoting the participation of local actors (communities, indigenous peoples, municipalities, private sector). Several emblematic cases are known to show that the partnership between public sector institutions and local actors generates positive results for the sustainability of the forest landscape (48 Cantones de Totonicapán Committee, forest concessions in protected areas, Fedecovera, among others). Despite the country's progress in this area, there are still areas for improvement that would allow the strengthening and consolidation of these models, and would facilitate the participation of local actors, to improve governability itself and that of the forest landscape.

14. This project also considers a five-year implementation period, at which time it is expected to address the proposed actions in a gradual way, in each geographical area and, with this, achieve significant progress in the proposed results and indicators.

15. On this basis, it is proposed to focus FIP resources on two major themes: a) harmonization of actions in the territories (e.g., avoiding antagonism between agroindustrial crops and protected areas); b) establishment and formalization of partnerships with local actors (conservation

agreements, monitoring, among others) that strengthen a framework between institutions and stakeholders. The first theme has a more transversal application at the national level, while the second theme can be focused, in this phase, on the territories prioritized under the FIP, but can then be extended to other regions.

16. The actions of the project will have a differentiated approach for the areas of intervention in which, at the forest landscape level, municipal territories, indigenous territories and local communities converge. The *National Strategy for the Management and Conservation of Natural Resources in Communal Lands* identifies thematic axes neglected due to the strong institutional weakness on the subject. FIP orientation will address the generation and implementation of new management mechanisms and productive alternatives for the development of livelihoods related to forest ecosystem services.

Project components

1. **Strengthening the capacities of social organizations and institutions on governance and forest governability issues.** It addresses both the State institutions, Conap and INAB, as well as the organizations of indigenous peoples, local communities, women's groups and priority areas of Sigap.

2. **Strategic partnerships with local actors for control and surveillance.** It is aimed at creating and strengthening strategic partnerships, and developing tools adapted to specific territorial conditions. These tools should be developed in a participatory and inter-institutional manner, allowing the implementation of control and monitoring mechanisms for the management of the territory.

3. **Economic valuation of environmental goods and services.** Component related to the ordering and valuation of the main ecosystem services in indigenous peoples, local communities and priority areas of Sigap.
4. **Consolidation and diversification of livelihoods.** Focused on the improvement of the livelihoods of indigenous peoples, women's groups and local communities through the promotion of productive models that promote the sustainable use of biological diversity (ecotourism, home gardens, underutilized plants, among others), as well as the strengthening of existing ones.

Project 3: Access to funding (public and private)

On the other hand, actions will be developed to improve access to forest incentives (with public funding) and private financing for sustainable forest management activities, mainly for smallholder groups, women and indigenous population.

The development and consolidation of partnerships with local governments, NGOs and other strategic partners will be supported to help local actors meet the requirements for access to publicly-funded forest incentive programs (based on previous pilot experiences).[44] In addition, a financial mechanism will be designed to facilitate leverage of private banking resources, addressing barriers that have limited the participation of the private sector in the forestry sector, and enhancing previous experiences with some actors in the forestry sector.[45]

6.4 Monitoring, follow-up and evaluation of proposed projects

17. The system will ensure the execution of the projects and promote decision-making on said implementation. This is essential for the establishment of protocols, the promotion of diverse processes, the coordination and execution of activities for the monitoring of the indicators in each one of the projects, as well as the evaluation of their progress in relation to the established goals. The system will follow the guidelines set in the CIF-FIP reporting and monitoring tool.

18. This system seeks to create synergy with the National Monitoring, Reporting and Verification System (MRV), which is in its design phase (ER-PIN, 2014). The actions included in the Forest Investment Plan will support the efforts of the *National REDD+ Strategy* and the National Emission Reduction Program.

6.5 Connectivity and synergy among implementing institutions

19. Due to the country's institutional design regarding the administration of its natural resources outside protected areas (INAB) and within protected areas (Conap), the implementation of the proposed projects will also require the designation of responsibilities and inter-institutional synergies. Some direct examples of the institutional and programmatic complementarity and connectivity expected to be promoted are:

a) Institutional management of processes related to the development of the value chain of forest, agroforestry and silvopastoral products. This includes actions within and outside protected areas with a focus on connectivity and forest landscape, taking advantage of the strengths and tools developed by each organization.

b) Facilitation of forest management instruments through the approval and simplification of directives, regulations or processes that promote the development of the forest sector, including the promotion of training and education programs for community-based organizations, local governments and public institutions themselves, regarding their ability to handle queries and solve conflicts.

44 Refer tp: http://www.copanchorti.org/.

45 Refer to: https://www.fomin.org.

c) Articulation of financing and joint financial mechanisms in support of the productive processes and alternatives proposed in the projects within and outside protected areas.

d) Complementarity and joint actions towards the achievement of the goals proposed in the *National REDD+ Strategy* regarding the prioritization of territories for the reduction of GHG emissions.

6.6 Competitiveness of the proposed projects

20. The main elements that characterize the competitiveness of the actions proposed by the Guatemala Forest Investment Plan are:

a) Commitment of the Government of Guatemala through a robust institutional and policy framework, with more than twenty years of experience in forest management based on the participation of local actors (governance) and the allocation of public resources for forest incentive programs.

b) Support to a large number of indigenous associations and local communities located in areas with low human development, but linked to important natural forest reserves or that are promoting the restoration or conservation of the forest landscape.

c) Active participation of community-based organizations and community forestry enterprises (CFEs), including women's groups involved in the management of forest incentives (Pinpep networks) and in the management of natural forests (Acofop and the National Network of Forest Communities of Guatemala).

d) Forest industry organized in the Forestry Association and with considerable investments in the forestry sector.

e) Unique models combining the protection of natural (forest) and cultural heritage, including archaeological sites of the Mayan culture that have global relevance, especially in the Petén region.

f) Development of differentiated actions for groups of women involved in productive processes compatible with forests.

Section 7. Implementation potential with risk assessment

7.1 Analysis of the technical and management capacities of the executing entities of the project

1. In 2015, the IACG agreed[47] that INAB should lead the management process with the FIP, with the definition of administrative and financial responsibilities pending. INAB has a proven trajectory of nearly twenty years (1997-2016) administering and executing forest incentive programs, investing more than USD300 million in them. It has 9 regional offices and 32 subregional offices distributed throughout the main forest regions of the country, including those selected by the FIP. In addition, under the *Probosque Law (Decree 02-2015*), it will be responsible for carrying out actions to expand forest incentive programs, which will include an estimated USD40 million per year over a period of 30 years (2017 -2046).

2. Conap will be another key institution in the process of implementing the Forest Investment Plan. This entity manages all the country's protected areas, which represent 32% of the national territory. It has more than twenty-five years of experience in protected area management, for which it has promoted different models that seek to promote the participation of local actors in forest management activities. It has eight regional offices, some of them -such as the one located in Petén- with significant technical and equipment resources (especially for monitoring). Schemes such as community forestry concessions, co-management through NGOs, participation of indigenous communities, private sector and local governments in the management of protected areas have allowed the development of partnerships that underpin the bases for the sustainability of protected areas.

3. Both INAB and Conap have governance structures in which the public and private sectors, academia, local governments and NGOs participate, and which is the basis for articulating programmatic actions in the territories. In addition, the IACG structure, created under the *National Climate Change Framework Law*, constitutes a coordination platform that will allow this articulation.

4. Other key institutions for the implementation of FIP actions will be MARN and MAGA. The first of these entities is responsible for authorizing environmental impact studies (EISs) and is the focal point for the UNFCCC on climate change issues. MAGA develops productive actions outside the forest, especially in agroforestry and silvopastoral systems, which seek to reduce the pressure on natural forests. All these instances will be strengthened through the interventions of the investment plan, which

47 *IACG Agreement 1-2015.*

translates into the added value of the FIP in terms of areas and actions to be promoted.

7.2 Identification of possible risks

5. Some institutional and financial-administrative risks have been identified, especially those related to the allocation of forest incentives by the State. Similarly, some risks associated with intra and inter-institutional performance are also anticipated and related to the standardization and facilitation of rules and regulations, on the one hand, and illegal traffic of forest products, on the other. Also, invasions and levels of deforestation in protected areas pose considerable risks that demand an effective institutional response.

7.2.1 Institutional risks

6. On the part of INAB -and especially in relation to the continuation of the incentive program (Pinpep and Probosque)- delays have been experienced in disbursements, which discourages producers from achieving reforestation goals. On the other hand, the low level of personnel and equipment assigned are perceived as major institutional challenges in view of the magnitude of the goals proposed by Probosque (40,000 ha annually) and the demands of the users. For example, in the year 2016, approximately 48,000 incentive requests were received, which accounted for 70% of the current institutional capacity, when there are about thirty additional services that the institution must address.

7. In the case of Conap, the greater risk is determined by its low budgetary allocation (budget ceiling), which affects the effective administration of Sigap. In addition, the reduced allocation of technical personnel also limits the timely approval of files -such as licenses and permits for the use of resources. In the course of the socialization workshops, other operational risks of administrative nature were identified, which demand actions for institutional strengthening. The constant changes of civil workers constitute frequent political risks in the entities responsible for the administration of natural resources.

7.2.2 Operational or implementation risks (technological, adequate management, environmental and social)

8. Due to the programmatic (interinstitutional and intersectoral) nature and geographic focus (within and outside protected areas), the actions proposed under the FIP require a careful organizational level, as well as an

effective allocation of operational and administrative responsibilities. In addition, MARN's involvement in environmental regulations and MAGA's participation with actions outside the forest increase the level of operational complexity, which demands a higher level of organization.

9. The incorporation of an inclusive financial mechanism into Guatemala's credit and financial system requires market analysis and credit conditions that are attractive to users without interfering with the country's financial market.

10. Issues related to land tenure in some areas with communal lands or those bordering protected areas also generate social instability and continuous claims that, in some way, limit operational and institutional performance. The renovation of the multiple use zone (MUZ) concession contracts of the Maya Biosphere Reserve (MBR) also constitutes an operational risk.

7.3 Mitigation of identified risks

11. The potential risk mitigation plans that have been identified will be considered at the operational, technical and regulatory levels. Issues related to the operational and administrative weakness of the institutions responsible for executing the Forest Investment Plan (INAB and Conap) will be included in institutional strengthening plans in order to guarantee the efficient provision of institutional services and competitiveness, despite the low operating budget allocated.

12. In the case of delays in the payment of forest incentives, the IDB and the World Bank are taking appropriate action to develop a financial mechanism (and a guarantee fund) to allow said payments while disbursements from the national treasury are made. This initiative will be a pilot component that may provide important lessons as the Probosque incentive allocation process evolves.

13. With regard to the facilitation of administrative management, the contribution of the Forest Investment Plan translates into institutional strengthening and the search for spaces for dialogue to: a) standardize regulations and directives; b) improve the traceability control and certification system for the use of wood; c) strengthen public entities, local governments and community-based organizations in order to ensure a competitive performance of the sector.

14. In addition, the implementation of the investment plan will be based on the integration of the learning process and lessons learned at the level of the implementing organizations (INAB, Conap, MARN and MAGA). This will include the incorporation of information generated in studies, research, publications, reports of electronic bulletins

and other periodic reports that are prepared within these organizations. Some reports, analyses and recommendations generated as a result of support from bilateral and multilateral cooperation in forestry and the environment will also be taken into consideration.

15. During the implementation of the Investment Plan (2018-2022), the lessons and experiences generated in the pilot projects established in the different geographic areas selected during the development phase of the projects will be taken into account. The recording and analysis of information through the monitoring and evaluation system will be decisive for continuously rethinking IP actions.

Section 8. Indicative financing plan for the investment plan

8.1 Project 1: Sustainable forest management

Components	MDB	Indicative distribution of FIP funds (USD)			Source of funding	Co-financing USD	Parallel funding USD		Total (USD)
		Donation (AT)	Loan (investment)	Total			Source	Amount	
1.Institutional strengthening	IDB	400,000	2,500,000	2,900,000	GoG	25,000,000	---	---	27,900,000
2. Link among forest, industry and market		180,000	2,500,000	2,680,000	Private Sector	5,000,000	Project FMAP-UKSA	5,731,000	7,680,000
3. Sustainable forest management and forest landscape restoration		350,000	2,850,000	3,200,000	NAMA	6,000,000	Project GEF-UNDP	350,000	9,200,000
4. Project monitoring, follow-up and evaluation		320,000	600,000	920,000	GOG/FCPF	162,500	---	---	1,082,500
Subtotal (USD)		**1,250,000**	**8,450,000**	**9,700,000**	---	**36,162,500**	---	---	**45,862,500**

8.2 Project 2: Strengthening governance and livelihood diversification

Project 2									
Components	MDB	Indicative distribution of FIP funds (USD)			Source of funding	Co-financing USD	Parallel funding USD		Total (USD)
		Donation (AT)	Loan (inverstment)	Total			Source	Amount	
1.Strengthening the capacities of social organizations[48] and institutions in governance itself and forest governance issues	WB	600,000	4,500,000	5,100,000	FCPF GoG	1,500,000 5,000,000 6,500,000	Program UE-FAO-FLE-GT-2017-2020	525,000	11,600,000
2. Strategic partnerships with local actors for control and surveillance		100,000	1,500,000	1,600,000	GoG	2,000,000	---	---	3,600,000
3. Economic valuation of environmental goods and services		180,000	1,200,000	1,380,000	GoG	2,500,000	---	---	3,880,000
4. Consolidation and diversification of livelihoods		200,000	2,700,000	2,900.000	GoG	3,500,000	---	---	6,400,000
5. Project monitoring, follow-up and evaluation		320,000	500,000	820,000	GOG/FCPF	162,500	---	---	982,500
Subtotal (USD)		**1,400,000**	**10,400,000**	**11,800,000**	---	**14,662,500**	---	---	**26,462,500**

Project 3									
Components	**MDB**	**Indicative distribution of FIP funds (USD)**			**Source of funding**	**Co-financing USD**	**Parallel funding USD**		**Total (USD)**
		Donation (AT)	**Loan** (investment)	**Total**			**Source**	**Amount**	
1.Access to funding (public and private)	IDB/MIF	500,000	2,000,000	2,500,000	IDB/ MIF	2,500,000	---	---	5,000,000

48 Social organizations linked to the forestry sector and legitimacy of local representation.

Section 9. Logical model of the investment plan and results framework

9.1 Logical model of Guatemala Forest Investment Plan

<table>
<tr><th>CIF final overall result (15-20 years)</th><th colspan="4">Contribution to the achievement of low carbon productive alternatives and resilient to the effects of climate change</th></tr>
<tr><td rowspan="2">Contribution to the achievement of low-carbon productive alternatives, resilient to the effects of climate change</td><td colspan="4">Main objective: Strengthening governance and governability in territories of indigenous peoples, communal lands and prioritized areas of Sigap.</td></tr>
<tr><td>Co-benefit 1: Reduction of poverty in indigenous peoples and local communities (including mestizos and ladinos), improving food security, and providing jobs and income.</td><td>Co-benefit 2: Increase in the availability of sustainable fuelwood.</td><td colspan="2">Co-benefit 3: Reduction in the loss of biodiversity and ecosystem services of forests as an alternative to increase resilience to vulnerability to climate change.</td></tr>
<tr><td rowspan="2">Catalytic and feasible replication of results (5-10 years) at national level</td><td colspan="4">Reduction of levels of deforestation and degradation in priority areas; contribution to the recovery of degraded areas in support of the incentive programs and initiatives of conservation and sustainable management of the forests promoted by the Government of Guatemala.</td></tr>
<tr><td>Institutional strengthening of INAB, Conap, local governments and community-based organizations in order to ensure efficient forest management.</td><td>Development of a sustainable forest management model as an alternative to social and economic growth and mitigation in the face of climate change.</td><td colspan="2">Strengthening of governability in protected areas and governance on communal lands and territories of indigenous peoples.</td></tr>
<tr><td rowspan="2">Expected outputs of the FIP Program (2-7 years) at regional level</td><td colspan="4">Reduction of the pressure of direct and indirect agents that cause deforestation and forest degradation in Guatemala.</td></tr>
<tr><td>Strengthening and homologation of the institutional framework that facilitates forest management and the observance of national legal regulations.</td><td>Strengthening of the timber production chain (added value) and the integral valorization of forest ecosystem resources.</td><td colspan="2">Development and strengthening of the value chain of productive alternatives outside the forest.</td></tr>
<tr><td rowspan="2">FIP Program activities (1-5 years) at local level</td><td colspan="4">Increased institutional, productive, market and financial capacities as tools to address the direct and indirect causes of deforestation and degradation.</td></tr>
<tr><td>Increase the institutional capacities of INAB and Conap to respond to the demands of actors in sustainable forest management, and to improve forest governance in prioritized territories.</td><td>Improve the technological processes and the efficiency in the different links of the forest productive chain.</td><td>Develop "market intelligence" and responsible purchase policies.</td><td>Development of inclusive financial mechanisms to support productive processes.</td></tr>
<tr><td>FIP inputs</td><td colspan="4">Funding opportunities amounting to USD24 million in the modality of FIP concessional loans (USD20.85) and grants (USD3.15) and additional public sector collateral funds (incentives and conservation funds), as well as private equity investments in support of actions proposed in the Forest Investment Plan.</td></tr>
</table>

9.2 Logical Framework of Results

Results	Indicators	Baseline	Sources of verification	Form of measurement
Main objective				
<u>Contribute</u> to achieving targets for GHG emission reductions caused by deforestation and degradation in the LULUCF category, and to increase carbon stocks in Guatemala.	*a)* Tons of reduced net CO2e emissions *b)* Tons of net sequestered CO2e *c)* Hectares of plantations and natural forests under management	From the first year of implementation	*a)* Monitoring reports Net tons of CO2 reduced and sequestered *b)* Forest plantation area database *c)* Forest cover database	Monitoring and Evaluation System. Use of remote sensors and forest cover databases.
Expected results with intervention of the FIP				
(1) Institutional framework strengthened in support of sustainable forestry management (natural forests and forest plantations).	**1.1 I**nstitutional performance and tools to facilitate forest management 1.2. Effective agreements between local governments and INAB and Conap 1.3. National forest monitoring system strengthened	First year of implementation (in selected priority areas)	Public entities statistical and control records (Conap, INAB and municipalities).	Compliance monitoring systems.
(2)Reduction of poverty levels; improvement of food security, and provision of jobs and income for communities in the area of influence.	2.1 Number of productive projects implemented 2.2 Number of beneficiaries per project	Starting on the second year of activity implementation.	Statistical records and reports of socioeconomic improvement indicators.	Surveys and revision of reports on socioeconomic improvement.
(3) Increased availability of fuelwood and biomass and management for efficient use in rural households, as well as search for other energy options.	3.1 Increase in the availability of fuelwood from natural forests and energy plantations under SFM. 3.2 Percentage of decline in forest degradation (by harvest of fuelwood and unsustainable wood) 3.3 Area (ha) with energetic forests established in municipal and communal lands	Since activities began (fuelwood from natural forests)	a) Records on the sustainable use and consumption of fuelwood b) Databases and maps of areas for use and energy plantations	Support from Seinef and reports from INAB regions and subregions.
(4) Improvement of the competitiveness of the forest (forest-industry-market), agroforestry and silvopastoral sectors.	**4.1** Increase in productivity per unit area (m3) 4.2 Increased private investment and profitability (USD) 4.3 New alternative markets, including responsible purchasing policies (RPPs) 4.4 Increase in exports of products with second transformation	a) First year of implementation b) Starting the second year of implementation (once the capital has been amortized) c) Third year of implementation.	d) Post-harvest reports e) Sawmill performance reports f) Financial reports g) Market and export reports	Seinef databases forest companies and industries registration and monitoring systems.

(5) Availability of inclusive and competitive financial mechanisms.	5.1 Number of financial mechanisms established under a gender approach 5.2 Number of agreements with banks and financial institutions 5.3 Volume of public and private funding for sustainable forest management activities	a) First year of implementation b) Throughout the life of the project	c) Reports on financial movements d) Documents on signed credit agreements	Review of the movements of banks and financial institutions.
(6) Strengthening governance and governability in protected areas, indigenous peoples and local communities.	**6.1** Management effectiveness in intervened protected areas 6.2 Area (ha) of deforestation and reduced invasions in PAs **6.3** Reduced fire area (ha) 6.4 Number of participatory planning and decision-making processes developed (FAO/Profor, 2011). **6.5** Number of management plans and areas (ha) under PA management 6.6 Political, legal, institutional and regulatory framework revised and/or updated. (FAO/Profor, 2011)	From the first year of implementation and annual measurements based on social and economic indicators.	a) Forest cover reports b) Reports on forest fires and invasions c) Reports on conflict resolution.	Monitoring on governability and governance reports.

Section 10. Environmental and social safeguards

1. The design and subsequent execution of the investment plan shall take into account the environmental and social safeguards of the Inter-American Development Bank (IDB). The first ones, established in 2006, make reference to the fact that environmental issues must be properly identified and dealt with from project design. In terms of social safeguards, the IDB approved a specific operational policy for indigenous peoples in 2007, while in 2009 it updated its *Operational Policy on Gender Equality in Development*, with the objective of contributing to gender equality and the empowerment of women.

2. In summary, the IDB's mandatory compliance safeguards include: a) compliance with the environmental policy and safeguards (OP 703); b) the disaster risk management policy (OP 704); c) forestry development policy, the operational policy on indigenous peoples and the strategy for indigenous development (OP 765); d) the operational policy on gender equality in development (OP 761); e) the involuntary resettlement policy (OP 710); f) the access to information policy (OP 102); and, g) sectoral policies for rural development (OP 752) and forestry development (OP 723).

3. On the other hand, the World Bank's direct observation safeguards refer to: a) indigenous peoples (OP/BP 4.10); b) involuntary resettlement (OP/BP 4.12); c) forests (BP 4.36); d) physical and cultural heritage (OP/BP 4.11); and, e) natural habitats (OP 4.04).

4. Prior to the initiation of the proposed actions, baseline assessments will be carried out to ensure compliance with social and environmental indicators, with emphasis on the development of socio-environmental mitigation measures. An appropriate strategy for conflict resolution will also be designed in cases where projects directly or indirectly affect natural resources in communal lands, or in cases of claims of territorial overlapping related to Sigap.

5. The actions of the Forest Investment Plan will place a strong emphasis on the design of a specific strategy for the management and/or protection of forest ecosystems with attributes of high conservation value (HCV), or ecosystems with attributes for the generation of ecosystem services and for reducing vulnerability and promoting resilience to climate change.

6. Similarly, the implementation of the proposed actions will take into account the practices and ancestral knowledge of indigenous communities, especially with respect to the cultural and spiritual uses of the cosmovision and the practices that favor proposing the conservation and sustainable use of natural resources. Special attention will be given to the use of native species for fuelwood or wood, considering the official lists of non-invasive species.

7. This investment plan will be implemented as a determining institutional mandate. The inclusion of gender equality, especially contemplated in *INAB's Gender Equity Institutional Strategy*, as well as the principles of recognition of indigenous peoples - contemplated in the *Indigenous Peoples' Assistance Strategy,*- will form an integral part of the safeguards included in this proposal.

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Annex 1. Inventory of proposed projects

A.1 Project 1: Sustainable forest management

A.1.1.1 Multilateral banks, state agencies and collaborators

1. This project will be implemented by IDB. From the activities of the project, the partners and collaborators will be INAB, Conap and other State agencies that work directly with indigenous peoples, local communities, women's groups and civil society. Forest management is expected to be achieved for the sustainable management of forests and the strengthening of control and monitoring actions for comprehensive governance and governability. It is a fact that strategic social actors such as local governments, indigenous authorities, community-based organizations and first and second-level organizations, as well as entities in the security and justice sector (Evironmental Prosecutor's Office, Diprona, Office of the Public Prosecutor and resource rangers) participate in indigenous and communal lands. In productive terms (wood value chain), and in relation to opportunities to access forest incentives, actions will be coordinated with INAB.

2. The Forest Investment Plan will be linked to the Guatemala project being developed for the NAMA Facility on the efficient use of fuelwood, which will be carried out at two levels: a) at the level of the policy framework, NAMA will complement the line of action focused on the *efficient use* of fuelwood within the *National Strategy for the Sustainable Production and Efficient Use of Firewood* and the *Energy Policy 2013-2027* (the FIP will focus on sustainable fuelwood production); b) at territorial level, the NAMA will be focused on the departments and municipalities with the highest fuelwood deficit, which matches the prioritization criteria used in this topic within the FIP.

3. At the operational level, the key partners will be the local governments of the prioritized territories (municipalities and associations) through their municipal offices, indigenous authorities, indigenous and communal organizations, community forestry enterprises (CFE) as cooperatives, associations, federations or other second-level entities, such as Acofop and Forescom (case of forest concessions in the Petén region). Other partners and key contributors to the development of the project are the beneficiary networks of Pinpep and Pinfor, driven by INAB, especially those like Rainforest Alliance in the Petén and Verapaces region; IUCN, in the Verapaces; Fundaeco, in Izabal; Defensores de la Naturaleza in Petén, Alta Verapaz and Izabal; Calmecac, in the highlands and Alta Verapaz, among others.

4. For the strengthening of the value chain of wood (FIM), there will be alternative investments and leverage of additional resources by the forestry industry (private sector) and even at the level of forest producers (small and medium-scale), who make their own resources available.

A.1.1.2 Statement of the problem and rationale for interventions: One of the main causes of deforestation in Guatemala, and consequently of GHG emissions, is directly related to the uncompetitive pattern in the value chains of forest products (timber and non-timber), agroforestry products and the unsustainable and inefficient use of fuelwood as an energy source. All this results in a low generation of employment opportunities, with few alternative incomes and, as a consequence, the pressure on natural forests continues with an increasing tendency. The factors directly related to this extractive scheme are due in particular to institutional weakness (public and private sector) and to the lack of provision of financial alternatives and alternative markets for the expansion of sustainable forest and agroforestry management.

5. It is important to apply knowledge and ancestral knowledge of indigenous peoples, as they promote the sustainable use and care of forest resources, which are essential for the life and subsistence of the human being.

6. Regarding "wood supply" and according to official Seinef records (November 2016), during the period 2010-2016 at least 2.59 million m^3 were obtained at national level from natural forests, while about 6.64 million m^3 were obtained from forest plantations. This means that forest plantations are favorably reducing the pressure on the timber harvest in natural forests. However, most of the production of the plantations is being used for the production of pallets and other products of low commercial value, with the consequent deterioration of the final harvest and low economic income. According to

reports from Seinef, the country mainly sells sawn timber, logs and wood platforms (including timber from precious natural forest species).

7. With regard to the production and use of fuelwood, it has been determined that there is a deficit of at least 10.02 million m^3 of fuelwood, for an estimated annual consumption of 29 million m^3. Therefore, the proposed actions will be oriented to the management of natural forests (short term) and the development of energy plantations (medium and long term), in order to reduce the pressure on natural forests and, therefore, the emission of GHG, including the restoration of the forest landscape.

8. Similarly, agroforestry products for export (coffee, cocoa and cardamom), with high commercial value, also present deficiencies in their production chains, which are associated with insufficient technical assistance, the incorporation of technological processes and, mainly, to the lack of markets. One element that stands out among producers is the lack of productive linkages and the lack of organization to incorporate productive improvements and economies of scale that allow access to competitive markets, mainly due to the geographical dispersion level and the small size of producers. In general, the development of silvopastoral systems is very incipient.

9. The actions proposed for this project will be related to the country's policies and regulations on the management and sustainable conservation of forest resources and, therefore, guarantee a significant level of GHG emission reduction in a cooperative and programmatic manner with the participation of Conap and INAB. On the other hand, the actions are oriented to provide productive alternatives aimed at reducing poverty and promoting economic and social development within a sustainable forest management approach.

A.1.1.3 Proposed objectives and investment strategies

Objective: Promote sustainable forest management processes aimed at improving the value chain of wood and restoring the forest landscape.

Specific objectives

a) Strengthen the technical capacities of public sector forestry institutions to efficiently meet the demands of users regarding the sustainable management of natural forests, biodiversity conservation and recovery of degraded areas.

b) Increase the current and future supply of timber and non-timber products in terms of yields, improving added value and access to processing and financing centers.

c) Promote the management of natural forests and the restoration of degraded areas through the application of ancestral knowledge aimed at the provision of sustainable sources of fuelwood and timber, as well as conservation, favoring the ecological connectivity of the forest landscape.

Component 1: Institutional strengthening

10. Focused on improving the presence and institutional capacities of Conap and INAB at central level and in the prioritized territories (personnel, equipment, monitoring capacities, among others), and strengthen their institutional relationship with local authorities (municipal offices), improving access and efficiency to the services provided to the population that participates in the sustainable management of the forest landscape (procedures for access to financing). The main actions proposed are:

    Institutional strengthening of INAB and Conap:[49] The creation of staff capacitites, equipment and the procurement of materials will be promoted to provide extension services, monitoring, planning and efficient management of forestry incentives (Pinpep and Probosque), especially in the projects proposed in the investment plan and which have a scalable effect on the rest of the country. This will be done with the participation of indigenous authorities and local organizations as a strategy to reduce pressure on natural forests and GHG reduction. It is important to train the technical staff of INAB and CONAP on the ancestral knowledge of indigenous peoples in regards to forestry. This will allow them to value the use and care of forests in a sustainable way. This strengthening will be done in at least 6 subregional or regional offices of these two institutions (in the same sites for both).

    Institutional strengthening of municipal offices:[50] Focused on the training of municipal office staff on the modalities of forest incentives, natural forest management and planning, the establishment and management of forest plantations and actions in priority areas of Sigap. In addition, these units will be strengthened to support the organization of individual producers or groups in terms of implementation and access to forest incentive programs. At least 50 municipal offices are expected to be strengthened in the regions prioritized in the investment plan.

For this subcomponent, a quota of participation of women will be promoted in the trainings that are carried out. The inclusion of a gender awareness module in institutional capacity building and outreach to users will be studied.

49 Within protected areas, more than 1,500 projects related to incentive programs have been addressed, and it is the Conap that authorizes management plans within these areas.

50 Municipal forestry offices, women's municipal offices, municipal environmental management office and others linked to forest landscape management.

This component is seen as transversal and supporting the other three components that are developed below, and would keep a close institutional, territorial and thematic integration to enable its implementation.

Component 2: Forest, industry and market linkage

11. Aimed at consolidating the value chains of forest products to reach national or international markets (forest-industry-market), through the strengthening of chains that are competitive and replicable. It also includes the promotion of strategic partnerships to catalyze agroforestry and silvopastoral productive chains aimed at reducing pressure on natural forests, preventing changes in forest cover, increasing carbon stocks and social and economic co-benefits. Institutional and financial strengthening of the forestry industry, community-based organizations, local organizations, producer associations, NGOs, first and second-level cooperative enterprises, timber and fuelwood businesses, among others, are considered. Examples of potential eligible organizations would be Fedecovera,[51] in Alta Verapaz; Forescom,[52] in Petén; the Petén Reforestation Association; Groups of Women Producers of Ramón[53] (Alimentos Nu-trinaturales S.A.), among others.

12. The gender approach will also be integrated into the design and implementation of the actions proposed. This will include, among others, the participation of women and groups of producers in the creation of forest production partnerships.

Subcomponent 2.1: Value chain of forest products (timber and non-timber)

13. It seeks to boost the supply and demand of forest products through the formation of partnerships between producers, industry and market linkages. Among others, it considers the promotion of the following activities: a) development of links between the forest producers of the Verapaces and Izabal with the eastern industrial corridor; (b) strengthening of natural forest linkages in Petén with a view to promoting the secondary processing of wood of high commercial value species such as cedar, mahogany and rarely used species whose current production is mainly sawed (Figure A. 1.1);[54] c) strengthening of the value chain of wood among forest producers in the highlands (small and medium-

51 More information at: http://www.fed ecovera.com.

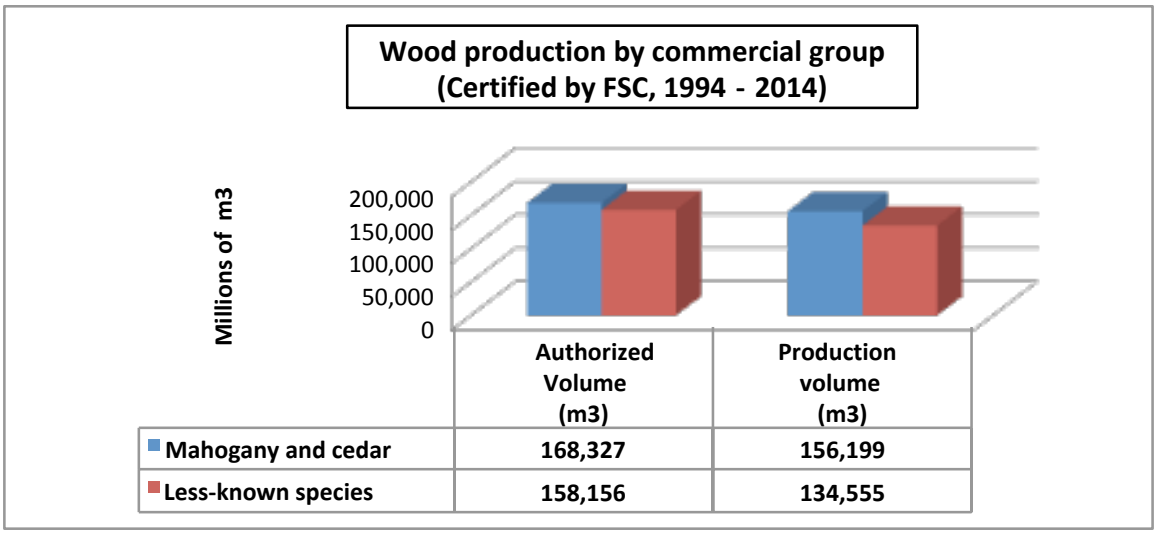
52 More information at: http://www.forescom.com.gt/.

53 More information at: http://teeccino.com/our_commitment/70/ANSA-%E2%80%93-A-Rural-Guatemalan-Women%E2%80%99s-Cooperative.html.

54 At present, only between 15% and 20% of the wood is sold as finished product, while the rest is marketed as raw material (Forescom, 2016). The most worrying case is the production and trade of mahogany, which accounts for about 90% of exports and whose harvest is equivalent to 54% of the total lumber sold and marketed as such.

size enterprises); d) Facilitation of access to industrialization technologies that improve the yields and quality of forest products; e) industrialization of alternative species; (f) development of non-timber forest product value chains; g) market intelligence.

A.1.1.1 Forest concessions in Petén: Trends in logging



	Authorized Volume (m3)	Production volume (m3)
Mahogany and cedar	168,327	156,199
Less-known species	158,156	134,555

Source: Conap, region VIII (2016)

14. In the case of the MBR's forest concessions, the process ensures not only the conservation of carbon stocks in at least half a million hectares, but also the sustained generation of social and economic benefits (co-benefits) for participating community groups. In addition, it facilitates the mobilization of new financial resources with the potential to enter the markets of FSC-certified timber. FIP interventions will be focused on strengthening actions aimed at secondary processing of certified (FSC) high value species and responsible forest trade (RFT), in line with BIM actions and joint cooperation between INAB and Conap.

Subcomponent 2.2: Improvement of the agroforestry production chain

15. In the north region, Verapaces and east region of the country, a considerable amount of agroforesty systems is under INAB's forest incentive programs (Pinpep and Pinfor), and a potential growth is outlined with the new *Probosque Law*. These systems also lack efficiency in their production chain due to lack of technical assistance, technological improvements, collection centers and market openings, including certification initiatives for agroforestry products.

16. FIP interventions will include the establishment and strengthening of productive strategic partnerships (public-private) and management of technological improvements, processing infrastructure and operating capital aimed at increasing the added value of agroforestry products. This component will facilitate the access of women's groups to public (forest incentive programs) and private (financial mechanisms) financing. Strengthening the value chain of agroforestry products is seen as a way to reduce pressure on natural forests.

Component 3: Sustainable forest management of natural forests and restoration of the forest landscape

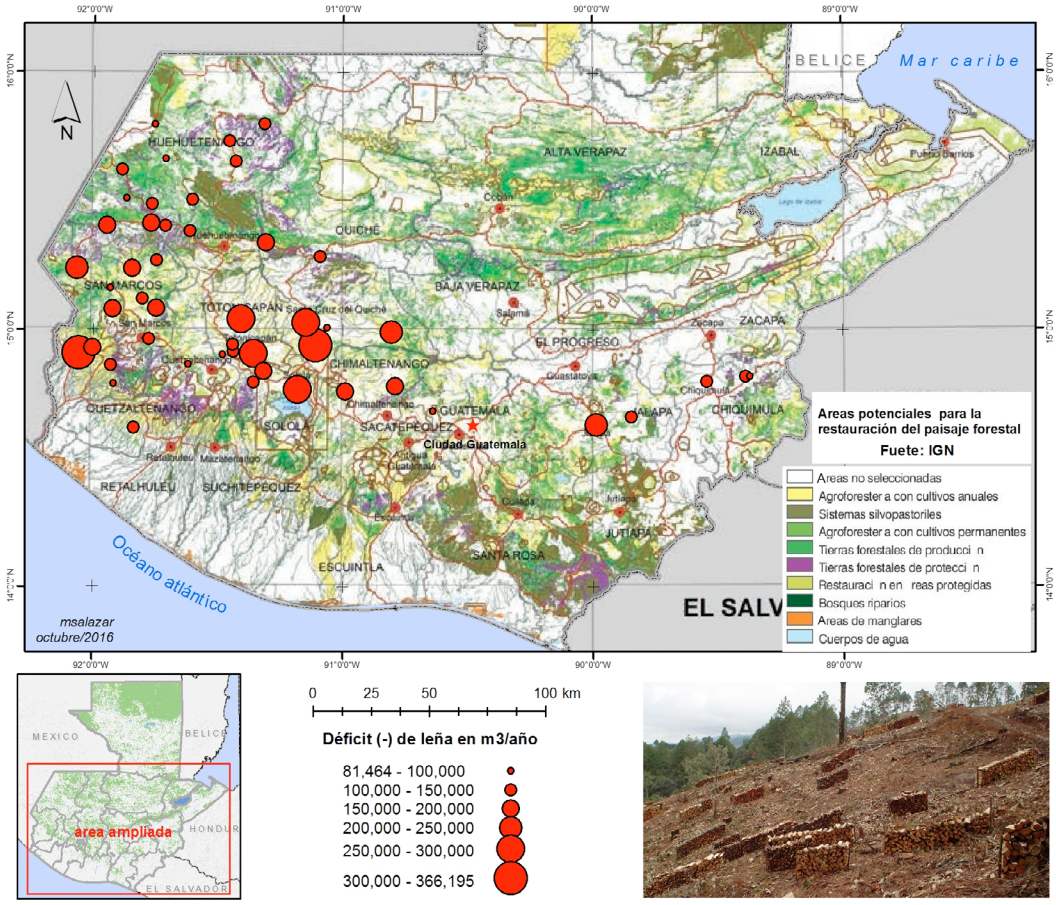
17. This component focuses on regions of degraded areas to promote their recovery. This is a strategy to reduce pressure on natural forests, especially in areas bordering deforestation/degradation fronts or forest remnants critical to water production. The following key actions for restoration are proposed in this component: a) production and sustainable use of fuelwood; (b) promotion of agroforestry systems; c) promotion of silvopastoral systems; and, (d) restoration of natural forests (in areas close to deforestation or degradation fronts).

18. The different modalities of restoration of the forest landscape will be made with cultural relevance, taking into account the use of native species and considering the knowledge of the local populations for their establishment and later use. The use of invasive alien species that contravenes applicable safeguard regulations within the FIP will be avoided. It is important to apply knowledge and the ancestral knowledge of indigenous peoples, as they promote the sustainable use and care of forest resources, vital for the life and subsistence of the human being.

Subcomponent 3.1: Provision of sustainable fuelwood

19. The main weakness in the unsustainable use of fuelwood is the lack of order and planning of natural forests. Official INAB records for the highlands area with the 24 municipalities with a fuelwood deficit of more than 100,000 m^3 per year report only 217 management plans, covering an estimated area of 2,876.25 ha, while data on forest cover in that same area reports an estimated area of 132,872.20 ha, which explains why the largest amount of fuelwood and timber consumed in this region comes from forests without effective forest planning (Figure A.1.3).

Figure A.1.3 Priority areas with fuelwood deficit and forest landscape degradation



Source: Own preparation (2016)

20. According to Seinef's records for the year 2015, the total authorized volume of fuelwood in these same municipalities amounts to 95,595.29 m^3. This means a remainder with respect to the total deficit (-3,212,823.99 m^3) of -3,117,228.70 m^3, a significant difference compared to the levels of degradation and GHG emission in this region of the country. In relation to the rest of the country, this deficit is equivalent to 30% and, therefore, the development of actions to counteract this trend is an important demand for FIP interventions. Planned actions include:

a) Coordinate with the municipalities, indigenous authorities, local communities and community-based organizations the inventories of natural forests in order to determine the status and type of tenure.

b) Apply ancestral forestry knowledge of indigenous peoples, women and local communities to determine trees of native species and for family consumption, in order to provide fuelwood and other forest benefits.

c) Establish agreements of mutual cooperation with the aim of guaranteeing the sustainable management of forests according to their property category.

d) Coordinate between Conap and INAB, technicians of the MO and regents, the development of forest management plans that will ensure the sustainable use of natural forests for the production of wood and fuelwood.

e) Strengthen, with the support of the MOs, the monitoring and control systems for the fuelwood origins and flows in the priority regions, including transport units and storage centers.

f) Develop a training and education campaign on the production and sustainable use of fuelwood.

21. FIP intervention will support the production and sustainable supply of fuelwood with species specific to each region, in close coordination with the forest incentive programs and the support of municipal offices and community-based organizations. The activities planned under the FIP component and with the direct support of the forest incentive programs will be aimed at strengthening the goals established in the *National Strategy for the Sustainable Production and Efficient Use of Firewood* and the *National Forestry Landscape Restoration Strategy* in priority intervention sites. The natural forests of the highlands region are expected to be incorporated into management plans, as well as the establishment of forest plantations and agroforestry systems for energy purposes, with the aim of contributing to reduce the fuelwood deficit in the country.

22. This platform will be established in approximately 10 municipalities that will accompany the actions that are promoted at local level with the support of the FIP. Thus, by encouraging this process, it is expected to cover everything, thereby reducing the degradation process, fuelwood deficit and, therefore, GHG emissions.

23. This subcomponent will promote the participation of women's groups in activities related to the sustainable production of fuelwood through the sustainable management of natural forests and energy plantations. In addition, through the complementarity of efficient use of fuelwood through NAMA, training and awareness-raising will be promoted on the sustainable use of fuelwood and the promotion of more efficient cooking technologies.

Subcomponent 3.2: Promotion of the establishment of agroforestry systems

24. Agroforestry systems are the livelihood of rural families. Their promotion will ensure the food security of indigenous peoples, local communities and women, from traditional and non-traditional agriculture. The FIP will promote this activity; ancestral knowledge will be taken into consideration during its implementation.

25. In addition, and considering that agroforestry systems (AFSs) are economic productive alternatives that generate financial income in the short term, which facilitates the recovery of forest landscapes and reduces the pressure on natural forests, the interventions will be oriented to: a) Prioritize areas to support the implementation of AFSs in accordance with the criteria of Pinpep and Probosque (water basins, etc.); b) facilitate the access of AFSs to the Pinpep and Probosque incentive programs. These two actions, therefore, will be scaling up the State's public resources and, at the same time, contributing to actions outside the forest in collaboration with the Ministry of Agriculture, Livestock and Food (MAGA). It is expected to promote agroforestry systems in areas adjacent to some 50,000 ha of natural forests at priority sites for water production, along with some 25 municipalities (mainly in the eastern region), recovering carbon stocks with AFSs, and reducing forest degradation.

Subcomponent 3.3: Recovery of forest cover in degraded pastures and conversion to silvopastoral systems

26. For the recovery of degraded areas to a natural forest, the application of ancestral knowledge is key, as it allows the establishment of forests with native species.

27. Some critical areas of the Petén, Izabal and Verapaces forests have undergone a continuous process of degradation that began with the cultivation of basic grains, mainly maize and beans; then came the establishment of pastures for extensive livestock grazing, with an average animal load of 0.7 units/ha on small farms and 1.3 units/ha on large farms. The degradation of these pastures, associated with the unattached categories of soils, has caused a rapid expansion at the expense of natural forests. Over time, livestock farms have increased in number in southern Petén, to the extent that in 2015 there were 130% additional farms compared to 2003.

28. Most of the farms present a silvopastoral element (scattered trees, thicket, live fences, among others). Studies conducted in the region by the Tropical Agricultural Research and Higher Education Center (CATIE) indicate that producers recognize the positive benefits of trees on livestock farms, both for shade production and its important role in animal load, such as the production of some wood products for use in the same farms (which could reduce the pressure for wood from natural forests). In that sense, FIP intervention will focus on providing technical assistance and additional guidance through the following actions:

a) Select priority areas (deforestation fronts, degraded areas).

b) Develop farm plans and technological improvements for the recovery of productivity.

c) Promote the incorporation of trees within the pastures, taking advantage of the institutional advantages of the extension programs of the INAB-MAGA partnership.

d) Promote, through INAB extension programs, the incorporation of silvopastoral systems into the forest incentive program intended for this purpose.

e) Develop guidance and training programs on silvopastoral systems, with the participation of the municipal forestry offices, Cocodes and Comudes.

f) Apply ancestral knowledge in the recovery of degraded areas, especially in relation to the use of native species.

It is proposed to promote this model in at least three pilot sites (northern Petén, southern Petén, Izabal), in areas that have active deforestation fronts, in such a way that a scheme can be generated that is then replicated in these and other areas. This subcomponent will be developed in close coordination with MAGA and will be aligned with the Climate Change Strategy of that institution.

Subcomponent 3.4: Recovery of natural forests

29. It will focus on the restoration of degraded areas of natural forest, as complementary actions in areas where the three previous subcomponents are implemented. Ancestral knowledge will be considered in order to strengthen existing processes of biodiversity conservation, provision of ecosystem services and restoration of connectivity of forest ecosystems. This action represents a significant opportunity to reduce environmental vulnerability and thereby mitigate the impacts of climate change, accelerating the recovery of ecosystems in terms of connectivity, functionality and integrity. It also calls for cooperative participation between INAB (forest incentives) and Conap (protected areas).

30. The participation of women and/or women's groups in the planned activities to promote agroforestry systems, recovery and restoration of forest landscape in degraded pastures and restoration of natural forests will be promoted.

A.1.1.4 Transformative impacts and generation of co-benefits

Table A.1.1 presents a summary of the transformative impacts of the project and its linkage with the generation of co-benefits.

Table A.1.1 Transformative impacts and generation of co-benefits

Transformative impacts	Co-benefits
1. Institutional strengthening and forestry incentives in favor of new practices to reduce pressure on natural forests, with the participation of local authorities, indigenous authorities and community-based organizations.	- Institutional framework (public sector, MO and community-based organizations) effectively addresses sector demands and institutional competencies. - Recognition of the use and care of forests for forest sustainability. - Increase (m3 and USD) of secondary wood production and industrialization. - Increase in the number of competitive and certified markets. - Increase in the level of employment and economic income. - Reduction of levels of poverty and extreme poverty. - Reduction of the gender gap in poverty and income levels.
2. Inclusion of ancestral knowledge of indigenous peoples about forestry.	
3. Development of the timber value chain through the use of innovative and feasible technologies to replicate in other geographic areas, increasing levels of private investment. It includes forest certification as a strategy of sustainability (social, economic and environmental).	
4. Sustainable and efficient use of fuelwood from natural forests and establishment of energy plantations.	
5. Development of competitive chains of agroforestry products of high commercial value and development of AFSs and silvopastoral systems (with the participation of MAGA).	
6. Promotion and access to public and private investment in support of the generation of production alternatives that are low in emissions.	

Source: Own preparation (2016)

A.1.1.5 Preparation for project implementation

31. Implementation of this project will be carried out in cooperation with local community-based organizations, support from MOs, indigenous authorities, NGOs and the private sector (timber industries, community forestry enterprises, agro-export companies and individual producers). Components 3 and 4 will be carried out with a high participation of INAB's forest incentive programs.

32. The value-added component of wood (FIM) will be implemented with the support of technical assistance organizations and the complementary financial contribution of the private sector (forestry industry). Likewise, the development of productive chains with agroforestry export products will be carried out with the support of organized producers and first and second-level organizations (cooperatives, federations and other related associations), including the support of the Guatemalan Exporters' Association (Agexport) regarding the issue of identification of alternative markets.

A.1.1.6 Possible national and international partners

33. The main partners of the project at national level are: a) community and industrial forestry concessions; (b) the timber industry; c) producer organizations of export crops

(coffee, cocoa, cardamom); d) producer organizations and Pinpep and Pinfor networks; e) financial institutions; f) entities providing services such as transport, forestry professionals; g) entities that facilitate the processes of commercialization of timber and non-timber products; h) certifiers of forest and agroforestry products; i) municipalities, organizations and community-based networks.

34. On the international side, the coordination of institutional synergies with: a) Pronacom; b) German Development Bank (KfW); c) World Conservation Society (WCS); (d) United States Agency for International Development (USAID) and its natural resource development projects in the country. Likewise, actions will be coordinated with the initiatives and experiences promoted and generated by the United Nations Food and Agriculture Organization (FAO), the International Union for Conservation of Nature (IUCN) and the United Nations Development Programe(UNDP), on forest governance issues and planning of indigenous territories and local communities.

1.1.7 Fundamentals of financing for climate change mitigation and poverty reduction according to FIP criteria

Criterion		Justification
Climate change mitigation potential by region (*)	Northern plains	- Historical emissions rate period 2001-2010 = -11.07 M tCO2e/year **(-1.107 MtCO2)** - Estimating 30% of FIP intervention = **0.33 M tCO2e/year** - Estimating removals of 30% (2.39 M tCO2e x 0.30) = **0.72 M tCO2e/ year** - Total deforestation avoided by FIP = **1.05 M tCO2e/year**
	Highlands	- Historical emissions rate period 2001-2010 = -3.38 M tCO2e **(-0.34 M tCO2e/year)** - Estimating 20% FIP fuelwood and wood (-0.34 M tCO2e/año x 0.20) = **0.07 M tCO2e/year** - 20% of estimated removals (3.30 M tCO2e x 0.20) = **0.66 M tCO2e** - Emission reduction, sustainable use of fuelwood = **0.73 M tCO2e (0.07 + 0.66 M tCO2e)**
	Sarstún – Motagua	- Historical emissions rate period 2001-2010= 2.99 M tCO2e (0.30 M tCO2/year) - Estimating 20% FIP wood and AFSs (0.30 M tCO2e x 0.20) = **0.06 M tCO2e/year** - Estimating 20% of removals (1.80 tCO2e x 0.20) = **0.36 M tCO2e/year** - Total deforestation avoided = **0.42M tCO2e/year (0.06 + 0.42 M tCO2e)**
Total GHG reduction		**Northern plains + Highlands + Sarstún = 2.20 million tCO2e/year**

Potential for scaling and replicability	1. FIM initiatives of the Verapaces + Izabal with the industrial corridor of the east (replicable in plantations of Petén and other regions with plantations entering to harvest stage in the country). 2. Wood chains (secondary industrialization) of concessions (with replication potential throughout the ZUM and Usumacinta cooperatives). 3. Sustainable provision of fuelwood in the Highlands (potential for replication in municipalities in central and eastern Guatemala, with high fuelwood consumption and shortage). 4. Application of ancestral knowledge of indigenous peoples for sustainable forestry management. 5. Development of productive alternatives of agroforestry and non-timber export products in the Verapaces and Petén (potential for scaling in other producer regions in the country).
Potential for implementation	1. The majority of municipalities have municipal offices and there are also networks of producers, Pinfor and Pinpep. In the municipalities and departments of the prioritized territories, the offices of INAB and Conap would be strengthened. In the forestry industry, the organizations affiliated with the Forest Stewardship Council and, in forest concessions, the EFC associated with Acofop and Forescom would be implemented. In the case of the Verapaces, communities affiliated to cooperatives and federations, such as Fedecovera. In the Highlands, producers and industries affiliated with second-level organizations. 2. Indigenous peoples and local communities use and care for forests in a sustainable manner.
Co-benefits to reduce poverty	1. Improved economic revenues associated with the strengthening of value chains 2. Increase in income and provision of employment 3. Forest technicians sensitized in the practice of ancestral knowledge of indigenous peoples in forestry 4. Reduction of poverty and extreme poverty 5. Access to better markets (including responsible purchasing policies, RPP) for certified products
Safeguards	To be considered during the project development stage, according to the socioeconomic and environmental requirements of Conap, INAB and MARN, and in compliance with the safeguards established by the MDBs.

A.1.1.8 Safeguards

35. The implementation of the project will consider the safeguards established by multi-lateral partners, which include: a) Inter-American Development Bank (IDB): compliance with environmental policy and compliance with safeguards (OP 703); Natural Disaster Risk Management Policy (OP 704); Forestry Development Policy, Operational Policy on Indigenous Peoples and Strategy for Indigenous Development (OP 765); Operational Policy on Gender Equality in Development (OP 761); Involuntary Resettlement Policy (OP 710), and Access to Information Policy (OP 102), as well as sectoral policies for rural development (OP 752) and forestry development (OP 723); b) World Bank safeguards on indigenous peoples (OP/BP 4.10), involuntary resettlement (OP/BP 4.12), forests (BP 4.36), physical and cultural heritage (OP/BP 4.11) and natural habitats (OP 4.04).

A.1.1.9 Indicative financing plan

Project 1									
Components	MBD	Indicative distribution of FIP funds (USD)			Source of funding	Co-financing USD	Parallel funding USD		Total (USD)
		Donation (AT)	Loan (investment)	Total			Source	Amount	
1. Institutional strengthening	IDB	400,000	2,500,000	2,900,000	GoG	25,000,000*	---	---	27,900,000
2. Link among forest, industry and market		180,000	2,500,000	2,680,000	Private Sector	5,000,000	Project FMAP-UKSA	5,731,000	7,680,000
3. Sustainable forest management and forest lands-cape restoration		350,000	2,850,000	3,200,000	NAMA	6,000,000	Project GEF-UNDP	350,000	9,200,000
4. Project monitoring, follow-up and evaluation		320,000	600,000	920,000	GOG/FCPF	162,500	---	---	1,082,500
Subtotal project 1 (USD)		**1,250,000**	**8,450,000**	**9,700,000**	---	**36,162,500**	---	---	**45,862,500**

(*) Funds from forest incentive programs (USD5 million annually)

A.1.1.10 Estimated schedule for project preparation

Stages	Foreseen dates
1. Forest Investment Plan approval	July 2017
2. Development of preparatory activities	September 2017
3. Project formulation and consultation	October-November 2017
4. Project evaluation by FIP	December 2017
5. Project approval (FIP)	Juanuary 2018
6. MDB approval (IDB)	March 2018

A.1.2 Project 2. Strengthening governance and livelihood diversification

A.1.2.1 Multilateral banks, state agencies and collaborators

36. This project will be implemented by World Bank. From the project activities, the partners and collaborators will be INAB, Conap and other State agencies that work directly with indigenous peoples, local communities, women's groups and civil society. Forest management is expected to be achieved for the sustainable management of forests and the strengthening of control and monitoring actions for comprehensive governance and governability. It is a fact that in regards to indigenous and communal lands, strategic social actors such as local governments, indigenous authorities, community-based organizations and first and second-level bodies, as well as entities in the security and justice sector, Diprona, Public Prosecutor's Office and rangers) participate. In terms of production (timber value chain), and in relation to opportunities for access to forestry incentives, actions will be coordinated with INAB.

37. FIP interventions will emphasize MBR and southern Petén complexes, as well as in the areas of influence of the SMBR (northern and southern regions) and the protected areas of Izabal, depending on the sites with the highest dynamics of deforestation and threats and with opportunities to implement projects aimed at developing the livelihoods of the local population. In other words, inclusive projects for the local population. Likewise, this project will promote actions to strengthen governance in indigenous peoples and local communities linked to protected areas.

A.1.2.2 Statement of the problem and justification of interventions

38. It is important to harmonize the rules of the State with the rules of local communities for the management of their natural resources. As is known, ignoring the latter will continue to lead to an increase of ungovernability in the forestry sector. In reality, the rules and norms of the State and of indigenous communities coexist, generating a use and care of the forest resources vital for the life and subsistence of the human being.

39. According to studies conducted by Iarna-URL (2012), the greatest pressure of deforestation occurs in protected areas, where, in that year, five areas were identified in the protected areas of Petén (4) and Izabal (1), equivalent to 42% of the problem at the national level. A critical aspect is that, in addition to the fragility of the ecosystems present in these areas, indigenous and communal territories with high levels of vulnerability also converge, facing challenges in the sustainable use of their resources, poverty and adaptability to climate change.

40. All of these threats represent real challenges for the State, where conservation efforts and the establishment of co-management contracts, among other initiatives, tend to degrade and deforestation of protected areas beyond the capacity to apply the regulatory framework. The forest management model proposed in this Forest Investment Plan will therefore be focused on strengthening the participation of local actors (communities, indigenous peoples, municipalities, private sector) and, thus, establishing models for the effective protection of natural forest remnants at priority sites in protected areas.

41. In indigenous territories and local communities, the identified threats respond to the absence of additional economic alternatives that promote the livelihood sustainability of rural communities, as well as the lack of valuation of ecosystem services compatible with GHG reduction initiatives and the reduction of vulnerability to climate change.

42. An innovative action of the Forest Investment Plan will focus on the harmonization of the rules and regulations of the State with the rules and ancestral knowledge of local communities, whose lack of recognition has led to an increase in ungovernability and, consequently, to an increasing deterioration of the natural resources. In other words, one of the innovative and scalable actions of this plan will be aimed at promoting the participation and knowledge of local communities as a viable strategy to ensure the conservation and sustainable use of forest resources as vital elements for the life and the subsistence of the human being.

43. This project will also ensure the conservation of valuable carbon stocks contained in the remaining natural forests, both at the level of core areas (full conservation) and in areas under sustainable forest management. One of the most promising cases is the 497,653 ha under sustainable management certified by the FSC in the multipurpose area of the MBR, and whose integrity, to date, is the best of the country's forest cover . At the level of core areas, the country still has significant reserves for biodiversity conservation and valuable sources of ecosystem services.

44. FIP interventions will foster the following actions: a) strengthening governance in protected areas to ensure the conservation and functionality of remaining forest ecosystems; b) consolidation of governance in indigenous territories and local communities; and, c) generation of sustainable livelihoods within and outside the forest, promoting SFM (timber and non-timber products) as well as ecosystem services as valuable tools for the conservation and development of the *National REDD+ Strategy*.

A.1.2.3 Proposed objectives and investment strategies

General objective: To promote the effective management of the forest landscape and its ecosystem services in pilot areas.

Specific objectives

a) Strengthen institutional capacity in the administrative, legal, technical and operational fields, in order to improve forest governance and governability of participating actors.

b) Promote the involvement of local actors in order to generate strategic partnerships and to promote full and effective participation in the control, monitoring (social oversight) and forest landscape management.

c) Consolidate and diversify sustainable productive activities in the forest landscape, to promote the development of livelihoods -mainly in indigenous peoples, women's groups and local communities- and the enhancement of ecosystem services.

Component 1: Strengthening the capacities of social organizations and institutions on forest governance and governability issues

45. INAB and Conap have the legal mandate for forest management, sustainable development and biodiversity conservation, which is an opportunity for FIP interventions in the proposed areas.

46. This component will promote the strengthening of governance mechanisms, both institutional and social organization of indigenous peoples and local communities, which will allow the harmonization of management in the management of natural resources in the territories of intervention. This is intended to be achieved through the full and effective participation of social organizations in such management, at the local and national levels progressively. This strengthening will be planned at the central level in institutions (for national implementation processes) and in the territories prioritized in the investment plan, in areas where there is greater potential to contribute to the objectives of the FIP. Special emphasis will be placed on regional offices in Petén, Izabal, Verapaces, Chiquimula (east region) and Quetzaltenango (highlands), as well as on organizations operating in these territories. These actions can then be escalated to other areas of the country. This is considered a transversal component of support to the other components described in this project.

47. In governance issues, the need to implement new common forms of forest management that actively involve the various sectors related to administrative, legal, technical and operational areas is evident in the country, so as to generate sustainability processes in

forest management. In this sense, actions will be promoted to reduce the threats associated with deforestation and forest degradation in priority areas of intervention.

48. <u>Monitoring and prevention actions</u>: As the name implies it, they seek to monitor and prevent *a priori* the occurrence of events that put the integrity of the forests at risk, so that quick response actions can be taken to control them. These actions include the following: a) creation and strengthening of monitoring and control centers with a focus on early warning systems related to deforestation and degradation; b) reactivation and consolidation of the inter-institutional group against illegal logging.

49. **<u>Actions of applicability of the current environmental legislation</u>:** The aim is to harmonize and strengthen the institutional framework of the State and the social organization of indigenous peoples and local communities in order to perform well in the face of problems that threaten the forest resource. FIP interventions will be aimed at strengthening the following actions:

a) Improve the mechanisms for the interpretation and application of environmental legislation with the participation of the local actors involved.

b) Harmonize, update and standardize technical instruments, norms and internal institutional administrative processes related to forest management.

c) Know and analyze the internal norms and rules of indigenous peoples regarding forest management, for a harmonization between State and community instruments.

d) Support the implementation of the objectives and goals of the following strategies: Attention to indigenous peoples; Gender equity (institutional); Restoration of the Guatemalan forestry landscape (national); Production and sustainable use of fuelwood; and, National biodiversity strategy in the selected territories.

50. This component will ensure gender mainstreaming in activities to strengthen institutional and social governance mechanisms of indigenous peoples and local communities. For example, it will facilitate the representation of women at the inter-agency table against illegal logging.

Component 2: Strategic partnerships with local actors to carry out control and surveillance activities

51. This component seeks the participation of local actors in prevention actions and control and monitoring processes in protected areas and community territories. Likewise, the

development of public-private partnerships between Conap and INAB and producers located in protected areas, and between these and local or regional industry or companies, seeking compensation for hydrological services (or other services) that are under the management of local communities. Interventions will be aimed at: strengthening the capacities of local actors in monitoring, control and surveillance activities; strengthen and create partnerships that promote governance and governability in the territories; promote the generation, capture and analysis of information through homologated methodologies and participatory techniques.

It will also facilitate the presence of women in the training of local actors, as well as in the processes of creating partnerships to promote governance and governability in the territories.

Several strategic sites will be selected where conditions exist for the application of this approach; for example, communities adjacent to forest concessions in the process of regeneration (La Colorada, Cruce a la Colorada, among others), or communities with agreements for the conservation[55] of national parks (Laguna del Tigre, Sierra del Lacandón and Sierra de las Minas, Punta de Manabique Reserve, Sierra Caral, among others). Likewise, the strengthening of partnershhps with ancestral models for the management of natural resources, such as "*parcialidades*" (model of indigenous peoples in the highlands), community forests, among others, will be considered. These groups are located on the main fronts of deforestation and degradation of the country, so that joint work will generate models that can then be scaled within these territories, or in others.

Component 3. Social and economic valuation of environmental goods and services

52. The component proposes the development and management of entrepreneurship related to the management and valuation of the main ecosystem services in indigenous peoples, local communities and priority areas of Sigap. In general, it covers the identification and valuation of ecosystem services with payment potential for environmental services (PES), including carbon sequestration; long-term carbon storage in woody biomass and soil organic matter; conservation of biodiversity, as well as the processes that determine and maintain biodiversity at all levels (landscape, species and genes).

53. Among the FIP perspectives, valuation is conceived comprehensively, encompassing the economic, social and environmental aspects of any component of the ecosystem. As a whole, it considers collection and/or production, processing and marketing of goods and services under the criteria of environmental, social and economic sustainability.

55 Mechanism established within the legal framework of protected areas to generate agreements with communities based on them, with a view to promoting their involvement in management and conservation activities.

54. This component will make it possible to visualize environmental, social and economic co-benefits at the local and national levels, promoting public awareness about the maintenance of foreste areas for the generation of goods and services. In addition, contribute to the country's mitigation efforts in support of compliance with national and international commitments on climate change.

Interventions will be oriented towards the promotion of the following actions:

1. Identification of priority areas with potential to generate environmental goods and services (ecosystemic).
2. Valuation and characterization of goods and services in identified areas.
3. Development of tools to incorporate the value of environmental goods and services into institutional planning indicators.
4. Generation of financial mechanisms of payment for environmental services.

Pilot cases will be identified in areas where there is a threat of deforestation or degradation, as an alternative for communities involved in forest management in these territories. Preliminarily, potential PES cases will be identified for water in communal forests in the highlands and eastern region, as well as tourism in Izabal, the Verapaces and Petén. These cases will generate models that can then be scaled and/or replicated in other territories.

Component 4. Consolidation and diversification of sustainable livelihoods

55. This component focuses on improving the livelihoods of indigenous peoples, women's groups and local communities through the development of productive models that promote the sustainable use of biological diversity (ecotourism, family farms, underutilized plants, minor livestock species, among others). It also focuses on strengthening ongoing ventures related to non-timber forest products. The promotion of these actions will reduce socio-environmental vulnerability linked to the degradation of ecosystems, generating, as co-benefits, improvements in food security, health and sustainable development.

56. Similarly, there will be the potential generation of ecotourism projects -whose actions are fully compatible with conservation initiatives and, at the same time, are very valuable opportunities for the diversification of the livelihoods of the local population. Some of the identifiable potential actions within the component are:

a) Identification of productive activities in order to consolidate them.
b) Diagnosis of productive activities of the different local actors considering the environmental, social, economic, financial and cultural conditions of each intervention territory.

c) Provision of opportunities for dialogue and exchange of knowledge, practices and experiences, prioritizing the ancestral knowledge of indigenous peoples in forestry matters.

d) Generation and consolidation of forms of sustainable production linked to identified productive activities. This will allow the strengthening of natural resource management capacities on the part of women's groups, indigenous peoples and local communities.

e) Establishment of pilot projects for productive activities and service provision for the improvement and diversification of livelihoods.

f) Facilitation of women's access to strategic economic alternatives such as ecotourism, non-timber products and ecosystem services.

57. Some examples that will include this component are: strengthening of the chain of xate and ramón (especially, groups of women) in Petén and Izabal; extraction/production of fungi in communal forests of the highlands; pineapple production (*Abies guatemalensis)*; backyard productive systems with native plants and smaller species with indigenous groups in the east (Chortís, Poqomchíes, Xinkas), among others.

A.1. 2.4 Transformative impacts and generation of co-benefits

Transformative impacts	Co-benefits
1. Implementation of the regulatory framework in support of conservation initiatives in protected areas.	- Conservation of biodiversity and the integrity of forest ecosystems. - Diversification of livelihoods for the population within protected areas. - Respect for the rights of indigenous peoples. - Inclusion of indigenous peoples, women's groups and local communities. - Reduction in the number of forest fires. - Reduction of illegal traffic of flora and fauna. - Resolution of conflicts and threats of invasions of protected areas. - Improved governance and conflict resolution on communal lands and indigenous territories. - Ecosystem connectivity and conservation of biodiversity.
2. Knowledge and respect of the norms and regulations of indigenous peoples related to forest management and their harmonization with public forest policies.	
3. Strengthening strategies related to indigenous peoples' attention, gender, local communities, as a starting point for improving governance and governability in indigenous territories.	
4. Inclusive financial mechanism to support diversification of livelihoods (non-timber, ecotourism and ecosystem services).	
5. Integrated management of the forest landscape (productive projects + governance).	

A.1.2.5 Preparation for implementation

58. Proposed actions will be developed with the technical and administrative support of Conap and INAB, in coordination with local governments and civil society organizations within Sigap, and the participation of local communities in indigenous territories. Productive actions will be carried out in accordance with the guidelines of the master plans of each protected area. Productive and commercial linkages will be promoted inside and outside the forest, in order to reduce the pressure on the forest. For regulatory issues, application of the institutional and legal framework, and measures to prevent forest fires or illegal traffic of products, the corresponding institutional platforms will also be taken into account, which will be consolidated. The implementation of the components -including institutional strengthening, partnerships with local actors, payment models for environmental services and diversification of sustainable livelihoods- will be focused on those territories that face the greatest threats of deforestation and degradation, and which present conditions to generate changes and consolidate new models of sustainable forest management.

59. With regard to governance and governability issues regarding indigenous peoples and local communities, implementation of the actions will be carried out in accordance with the institutional mandates stipulated in the previously established strategies. Specifically: a) strategy of attention to indigenous peoples; b) institutional strategy on gender equity; c) strategy of restoration of the forest landscape; d) policy and national biodiversity strategy (especially with respect to the commitment to "[...] respect, preserve and maintain the knowledge, innovations and practices of indigenous and local communities embodying relevant ancestral lifestyles for the conservation and sustainable use of biological diversity"); e) national strategy for the management and conservation of natural resources in communal lands. All this will observe the criteria and guidelines of governance in the territories. In addition, these initiatives will be strengthened by the Dedicated Grants Mechanism (DGM), once the Forest Investment Plan has been approved.

A.1.2.6 Possible national and international partners

60. Amont national partners we can mention: a) local governments with territories under areas of incluence in Sigap; b) indigenous authorities; c) workshops on natural resources; d) civil society organizations with community territories and indigenous populations; e) second-level organizations that support ventures within protected areas (such as Acofop, for example); f) organized producer groups; f) local authorities; h) academia; i) group of REDD+ implementers; j) Ministry of the Interior (Mingob, for its acronym in Spanish), Public Ministry (MP, for its acronym in Spanish), Diprona, etc.

61. In regards to international partners, we can mention: a) international NGOs such as WCS, Rainforest Alliance, UICN, Althelia, TNC, among others; b) international cooperation agencies, such as USAID, KfW, UNDP, FAO and MBDs.

A.1.2.7 Fundamentals of financing for climate change mitigation and reduction of poverty according to FIP criteria

Criterion	Justification	
Climate change mitigation potential (*)	Northern plains	- Historical emissions rate 2001-2010: -11.07 M tCO2e (**-1.10 M tCO2e/year**) - Estimating 30% of FIP intervention: **0.33 t CO2 e/ha/year** - Estimating 30% of removals: (2.39 M tCO2e x 0.30) = **0.72 M tCO2e/years** - Total deforestation avoided by FIP = **1.05 M tCO2e/year**
	Sarstún-Motagua	- Historical emissions rate period 2001-2010 = 2.99 M tCO2e (**0.30 M tCO2/year**) - Estimating 30% FIP wood and AFSs (0.30 M tCO2e x 0,30) = **0.09 M tCO2e/year** - Estimating 30% of removals (1.80 tCO2e x 0,30) = **0.54 M tCO2e/year** - Total deforestation avoided = **0.63 M tCO2e/year** (0.06 + 0.36 M tCO2e)
	Total	TNorthern lowlands + Sarstún-Motagua = **1.68 M tCO2e/year**

Criterion	Justification	
Climate change mitigation potential (*)	Northern plains	- Historical emissions rate 2001-2010: -11.07 M tCO2e (**-1.10 M tCO2e/year**) - Estimating 30% of FIP intervention: **0.33 t CO2 e/ha/year** - Estimating 30% or removals: (2.39 M tCO2e x 0.30) = **0.72 M tCO2e/year** - Total deforestation avoided by FIP = **1.05 M tCO2e/year**
	Sarstún-Motagua	- Historical emissions rate period 2001-2010 = 2.99 M tCO2e (**0.30 M tCO2/year**) - Estimatomg 30% of FIP wood and AFSs (0.30 M tCO2e x 0,30) = **0.09 M tCO2e/year** - Estimating 30% of removals (1.80 tCO2e x 0,30) = **0.54 M tCO2e/year** - Total deforestation avoided = **0.63 M tCO2e/year** (0.06 + 0.36 M tCO2e)
	Total	Northern lowlands + Sarstún-Motagua = **1.68 M tCO2e/year**
Potential for scaling	Potential actions for scaling this project are: 1. Consolidation and expansion of forest concessions in the remaining area of the MUZ of the MBR. 2. Generation of lessons from the institutional and legal system applicable throughout Sigap. 3. Knowledge of the community rules and norms of indigenous peoples. 4. Effective and expanded strategies for the prevention and control of forest fires and illegal logging. 5. Generation of livelihoods for local people based on forest resources. 6. Incorporation of ecosystem services for the local population (especially hydrological resources). 7. Experiences in the management of credits and financing at concessions level.	
Potential for implementation	1. Master plans and monitoring system in current PAs (process of forest concessions). 2. Forestry and environmental legislation in operation; strong commitments of the Government of Guatemala. 3. Existence and application among indigenous peoples of community rules and norms for environmental and forest management. 4. Rules and regulations on the use of forest goods and services. 5. Institutional strategies for the care of indigenous peoples (Sipecif, FLEGT agreements, LACEY Act, among others). 6. Local governments, grassroots organizations, producer networks and technical assistance entities provided to support FIP actions. 7. Early REDD+ advanced proposal in priority areas.	
Co-benefits	1. Conservation of biodiversity in key ecosystems of PAs. 2. Consolidation of the institutional and legal framework for the conservation of Sigap. 3. Respect for the rights of indigenous peoples. 4. Generation of alternative employment opportunities in remote rural areas. 5. Generation of ecosystem services and development opportunities (including FIP support for strategic forests that contribute to water recharge). 6. Diversification of the livelihoods of the local population.	

Safeguards	To be defined specifically at the time of formulating the projects, according to the environmental and sociocultural characteristics of the region.

(*) Taken from preliminary estimates of the Emission Reference Level (period 2001-2010)

A.1.2.8 Safeguards

62. Like project one, it will also consider the safeguards established by multilateral bank partners: a) Inter-American Development Bank (IDB): compliance with environmental policy and compliance with safeguards (OP 703); Natural Disaster Risk Management Policy (OP 704); Forestry Development Policy, Operational Policy on Indigenous Peoples and Strategy for Indigenous Development (OP 765); Operational Policy on Gender Equality in Development (OP 761); Involuntary Resettlement Policy (OP 710), and Access to Information Policy (OP 102), as well as sectoral policies for rural development (OP 752) and forestry development (OP 723); b) World Bank safeguards on indigenous peoples (OP / BP 4.10), involuntary resettlement (OP / BP 4.12), forests (BP 4.36), physical and cultural heritage (OP / BP 4.11) and natural habitats (OP 4.04).

A.1.2.9 Indicative financing plan

Project 2									
Components	MDB	Indicative distribution of FIP funds (USD)			Source of funding	Co-financing USD	Parallel funding USD		Total (USD)
		Donation (AT)	Loan (investment)	Total			Source	Amount	
1. Strengthening the capacities of social organizations* and institutions on forest governance and governability	WB	600,000	4,500,000	5,100,000	FCPF GoG	1,500,000 5,000,000 6,500,000	Program UE-FAO-FLE-GT-2017-2020	525,000	11,600,000
2. Strategic partner-ships with local actors for control and monitoring		100,000	1,500,000	1,600,000	GoG	2,000,000	---	---	3,600,000
3. Economic valuation of environmental goods and services		180,000	1,200,000	1,380,000	GoG	2,500,000	---	---	3,880,000
4. Consolidation and diversifica-tion of livelihoods		200,000	2,700,000	2,900,000	GoG	3,500,000	---	---	6,400,000
5. Project monitoring, follow-up and evaluation		320,000	500,000	820,000	GOG/FCPF	162,500	---	---	982,500
Subtotal project 2 (USD)		**1,400,000**	**10,400,000**	**11,800,000**	---	**14,662,500**	---	---	**26,462,500**

*Social organizations linked to de forest sector and local representation legitimacy.

A1.2.10 Estimated schedule for project preparation

Stages		Foreseen dates
1.	Forest Investment Plan approval	July 2017
2.	Development of preparatory activities	September 2017
3.	Project formulation and consultation	October-November 2017
4.	Project evaluation by FIP	December 2017
5.	Project approval (FIP)	January 2018
6.	MBD approval	March 2018

A.1.3 Project 3: Access to financing (public and private)

64. This project will improve access to public (forest incentives) and private funding, in order to make forest investments viable. The main public funding will be provided by the Government through the forestry incentives, both of the *Probosque Law* and that of the *Pinpep*. The extension services of INAB and Conap, with the support of the municipal offices, will promote the management of incentives in order to facilitate competitive and equitable access to them (articulation with component 1 of Project 1).

65. The Forest Investment Plan also seeks the mobilization of private capital for investments in the sector, which will be provided by financial institutions through an appropriate mechanism to be developed with the support of the IDB/MIF. For this purpose, similar experiences from other FIP projects or financial mechanisms for forestry projects in the country will be taken up.

66. This mechanism is of particular importance in view of the credit constraints being faced by forest producers, and in particular small businesses, producer groups and, in particular, organized women's groups.

67. During the development of Pinfor (1997-2016) more than 350,000 hectares of natural forest and plantations were invested, which represented an investment by the State of USD300 million. At present, the *Probosque Law (Decree 02-2015*) aims to expand the country's forest cover through the creation and implementation of this incentive program for the establishment, recovery, restoration, management, production and protection of forests during the period 2017-2046. This law expands the goals of this financing, its modalities and types of user. Despite this potential for public funding, there are limitations to accessing it. For this reason, the strengthening of the capacities of the implementing governmental instances is fundamental to overcome this barrier.

68. The financing of forestry activities (forestry, industry and wood products, including furniture) by the financial system in Guatemala has been low, representing for the period 2010-2013 between 0.3% and 0.5% of the total of credits granted during each year. The credit portfolio has been between 1.5% and 19%, decreasing to 0.8% in 2014 and 2015. These data reflect the marginal attention that the sector receives due to the lack of knowledge of its potential to strengthen the economy of the country. In the analysis of investment opportunities and consultations, it was determined that one of the constraints to the development of the sector is the lack of attractive financial alternatives.

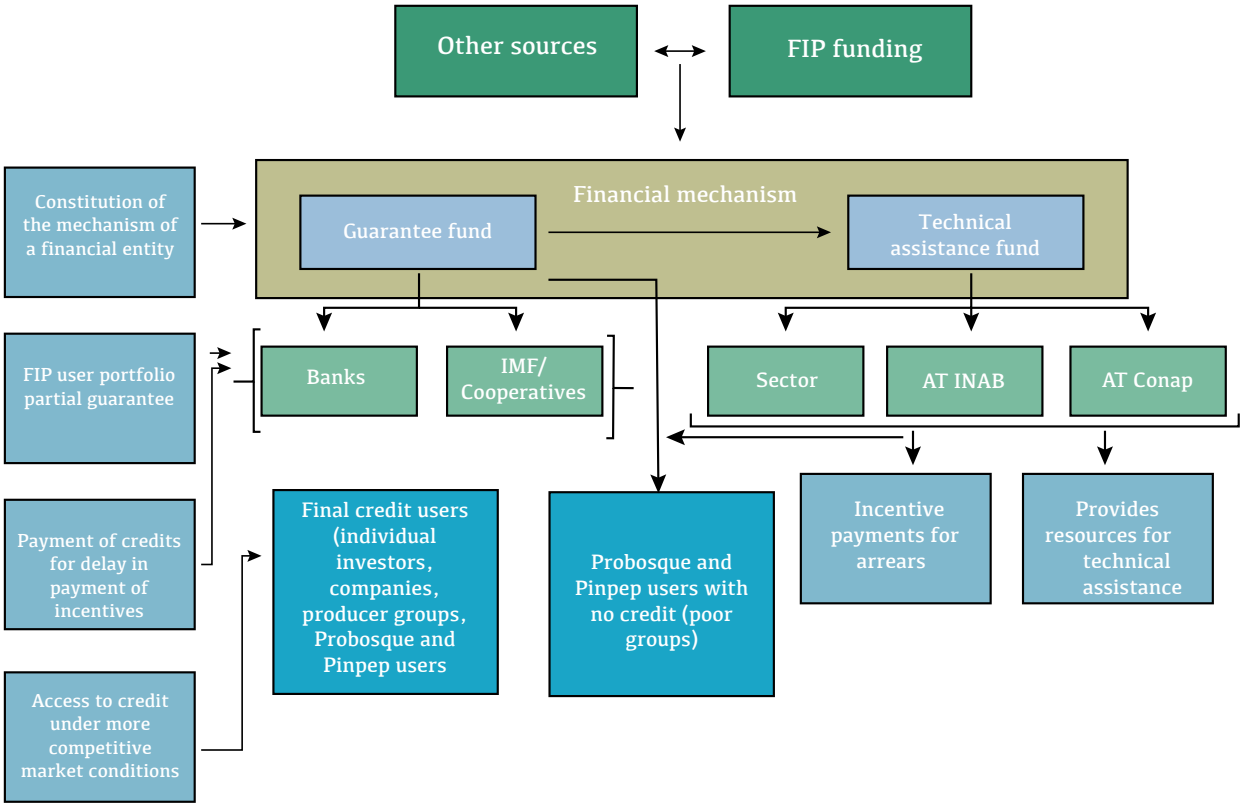
69. On the other hand, the cost of credit in the market is high, between 16% and 22% for medium-sized companies, decreasing for more developed companies with better financial capacities. In this sense, access is limited and the willingness of producers and entrepreneurs in the sector to take out loans is low, making it difficult to carry out investments to develop the sector.

70. The FIP intervention, for example, will return to the model generated by BID-MIF, Rainforest Alliance and Financiera de Occidente, S.A. (Fidosa) in the development of credit products for community forestry enterprises, as well as other successful models of the forest sector. An innovative and transformative aspect of the FIP is to establish a guarantee fund for the granting of loans under the investment plan actions, where the guarantee fund is the means for the credit institution to share the risks, with the proviso that they contribute a ratio of at least 4 to 1. In other words, for each dollar of the guarantee fund, financial institutions put 4. In addition to the guarantee of portfolios generated through FIP actions, the mechanism will allow the timely payment of credits to financial institutions against possible government arrears in the payment of incentives.

71. In the preliminary agreements, it is planned to use USD2 million financed by FIP and USD2 million financed by MIF. For this reason, the transformative and scalable effect would be to mobilize up to USD30 million of private capital. This guarantee fund will also function as a means of channeling technical assistance funds.

For this, USD0.5 million of the FIP and USD0.5 million contributed by IDB/MIF will be allocated, for a total of USD1.0 million. Figure A.1.2 presents a summary of the operability of the financial mechanism and the inter-institutional relations of operation .

Figure A.1.2 Description of the financial mechanism using FIP funds



Source: Own preparation (2016)

72. Women's access to public and private financing will be facilitated. In the public sphere, Pinpep's forestry incentives will be used to increase the percentage of women beneficiaries of the program by 30%. In the private sector, women's access to financial products will be ensured. For this purpose, the following will be studied:

a) the creation of specific financial instruments to facilitate the participation of women;

b) training of financial entities in gender and female customer service; and, (c) financial training for women.

A.1.3.1 Indicative financing plan

Project 3									
Components	MDB	Indicative distribution of FIP funds (USD)			Source of funding	Co-financing USD	Parallel funding USD		Total (USD)
		Donation (AT)	Loan (investment)	Total			Source	Amount	
1.Access to funding (public and private)	IDB/MIF	500,000	2,000,000	2,500,000	IDB/ MIF	2,500,000	---	---	5,000,000

A.1.3.2 Estimated schedule for project preparation

Stages	Foreseen dates
1. Forest Investment Plan approval	July 2017
2. Development of preparatory activities	September 2017
3. Project formulation and consultation	October-November 2017
4. Project evaluation by FIP	December 2017
5. Project approval (FIP)	Juanuary 2018
6. MDB approval (IDB)	March 2018

73. In summary, the contributions to the reduction of emissions by the three projects is 3.90 million tCO2/year (1,68 tCO2e/year project 1 and 2.20 tCO2e/year in project 2), and the average cost of intervention in the projects is USD15.27 million/year. Therefore, the cost/effectiveness of reducing each tCO2e/year is USD3.91 considered to be an appropriate cost&effectiveness ratio. At the time of designing the projects, the financial breakdowns will be done on the scale of the activities and their estimated average cost, according to the geographic areas to be selected.

Annex 2. Actors' participation plan

A.2.1 Plan for the participation of actors in the socialization process of the Forest Investment Plan

1. The participation plan has undergone a participatory and dynamic development, involving a national level (IACG coordination), a regional level (Conap's and INAB's headquarters) and also a local level. There was valuable support from the MDBs, who have provided information and experience in the development of other FIP investment plans globally. In its different stages, calls were made with civil society actors and other government entities in order to make the pertinent decisions.
2. The first joint mission (IDB, WB/IFC and IACG and representatives of civil society) was held from September 7 to 9, 2016, to review progress in the formulation of the investment plan (IP), especially with regard to sections 1 to 5. From October 17 to November 8, 2016, four socialization workshops were held with a broad participation of the forest and environmental sector and Guatemala's civil society. These workshops were held in the Highlands (Chichicastenango); Petén; Cobán, Alta Verapaz; and, Río Hondo, Zacapa, with participation of 312 people from different sectors, and a 24.67%participation of women (77). On January 26, 2017, a national workshop was held in Puerto Barrios, Izabal, with the participation of 85 people (31 women and 54 men).
3. The design of the IP has been a process of inclusive cooperation at the national, regional and local level for which participatory methods have been developed, ensuring effective engagement of all interested actors.
4. From a methodological point of view, the roadmap was based on a process of socialization that sought to comply with the principles of honesty, truthfulness, transparency and respect for cultural diversity, inclusion of gender, and based on the governance of indigenous peoples. This has allowed the enhancement of the subject for the preparation of the programmes and projects with their corresponding components, according to each geographical area originally selected.
5. In socio-cultural terms, at least six linguistic communities have participated: Kaqchikel, K'iche', Q'eqchi', Poqomchi', Itza' and ladino/mestizo.

6. Objectives

- To share with forest sector actors the scope and criteria of the investment plan, and how these relate to the selected geographic areas and the established investment preliminary lines.

- To set out investment opportunities and needs in the previously identified territories, in order to achieve the goals that allow the creation of links between sustainable forest management or other productive activities and the reduction of GHG, as well as the generation of co-benefits for the rural population.

- To identify possible cooperative partnerships between producers, industry and their link with the national or international market; and to identify the establishment of pilot projects —both timber and non-timber forest products, inside and outside the forest— whose scaling up is feasible.

7. Table A.2.1 summarizes the logical process of generating the actor's participation plan, according to the development phases of the Guatemala FIP.

TAble A.2.1 Stages of factor involvement in the socialization and information process

Description	Phase 1	Segunda fase	Tercera fase
Activities	• Meetings • First joint mission • Channel information for dissemination	• Regional workshops Chichicastenango, Petén, Cobán and Zacapa • Second joint mission	• National workshop • Final presentation
Participants	• Interagency Coordination Group • Government • Civil society • Businessmen • Academia	• Local governments • Indigenous peoples • Peasants • Civil society • Businessmen • Academia • Women's groups	• National • Regional
Action	• Diagnosis • Prioritization • Strategies	• Collection and analysis of information derived from the workshops	• Presentation of FIP final document

1. Identification of target group by each geographical area

8. A determining factor for the achievement of the objectives and results of the community participation plan was the adequate selection of the target group and the achievement of commitments of permanence by selected people. Below is a short list of actors identified and invited in thematic order:

- Members of organizations (producer associations, first and second-level cooperatives —federations—, civil societies, producer networks, etc.)
- Relevant individual producers (in each geographic area of interest), both forest products (timber and non-timber) and products of agroforestry and silvopastoral systems
- Women's groups
- Representatives of municipal forestry offices (MFOs)
- Associations of the timber industry (small forest enterprises SMFEs)
- Silvopastoril and Reforester Associations
- NGO members
- Managing Boards of Ancestral Organizations (parcialidades, cofradías, cantones, etc.) and local authority associations
- Academy institutions (universities or secondary schools) related with the sector
- Regional and subregional directors of INAB, Conap and MAGA

Table A.2.2 Description of activities and consultations carried out for the development of the Forest Investment Plan

Lugar	Fecha	Participantes	Objetivo	Resultados	Participantes
Guatemala, joint mission	September 7-8, 2016	Public Sector and MDB (September 7) and civil society, NGOs, international cooperation, Government and indigenous peoples (September 8).	To present and share progress made in the formulation of the investment plan.	Participants were informed and received feedback on the FIP and its scope.	September 7: Women 16 Men 38 Total 54 September 8: Women 17 Men 34 Total 51
Guatemala, INAB workshop	September 26, 2016	Regional Directors of INAB and Conap	To present and share the IP proposal.	Knowledge of FIP and its scope.	Women 31 Men 14 Total 45
Chichicastenango, Quiché, FIP regional workshop	October 17, 2016	WBICG, IDB, BM ACAX Association, Tikonel, 48 cantones, Defensoría Indígena, Aproforq, etc.	To present and share the IP proposal.	Participants know the investment plan, get involved and provide input,	Women 15 Men 45 Total 60

Flores, Petén, FIP regional workshop	October 27, 2016	IACG, IDB, WB, FAO, Rainforest Alliance, Forescom, Acofop, MAGA, Cudep, Cecón, OFM de Flores, Risep, Árbol Verde, Laborantes del Bosque.	To present and share the IP proposal.	Participants know the investment plan, get involved and provide input.	Women 17 Men 57 Total 74
Cobán, Alta Verapaz, FIP regional workshop	October 27, 2016	IACG, IDB, WB	To present and share the IP proposal.	Participants know the investment plan, get involved and provide input.	Women 31 Men 57 Total 88
Río Hondo, Zacapa FIP regional workshop	November 8, 2016	IACG, IDB, WB	To present and share the IP proposal.	Participants know the investment plan, get involved and provide input.	Women 18 Men 67 Total 85
Guatemala, technical mission	November 29-30, 2016	Public sector (INAB, Conap, MARN and MAGA), international cooperation and MBD.	Review IP progress and issue technical recommendations for its improvement. Redefine the output delivery agendas.	Recommendations for improving the geographic focus of the document, projects and distribution of the amounts by project.	<u>November 29:</u> Women 12 Men 16 Total 28 <u>November 30:</u> Women 10 Men 10 Total 20
Guatemala, FIP national workshop	January 26, 2017	Civil society, NGOs, international cooperation, Government, indigenous peoples, etc.	To present and share progress made in the IP document at national level.	Share geographic areas, lines of intervention and proposed projects.	Women 31 Men 59 Total 90
Guatemala, second mission	February 13-14, 2017	Civil society, NGOs, international cooperation, Government, indigenous people, MBD.	To present and share progress made in the IP document at national level.	Technical recommendations for the improvement of the investment plan and revision of the compliance schedule.	Women 39 Men 63 Total 102

2. Relevant results of socialization workshops

9. 9. Table A.2.3 presents a consolidated summary of the topic discussed, as well as the number of participants in each discussion table of each workshop by geographic region.

Table A.2.3 Relevant results of the topic and stakeholder participation

Region/workshop	Topic	Observations
1. Highlands/ (Chichicastenango)	**Table 1:** Opportunities to improve the sustainable supply of fuelwood from natural forests and alternatives to establish energy forests in municipal territories, private producers and communal lands (cantons or parcialidades).	• Ancestral knowledge should be taken into consideration in the approach to the problem and the actions to be proposed. • Forest policies and strategies should be generated at the level of municipal development plans to integrate local factors. • Sustainable fuelwood production should be included within municipal development plans. • Manage local committees for sustainable management of fuelwood. • Use local knowledge and fast-growing species. • Order timber temporary production by source: a) natural forest in the short term; and b) energy plantations in the medium and long term.
	Table 2: Identification of opportunities for the establishment and management of forest plantations for purposes of production, conservation of priority basins and as an alternative to reduce vulnerability to natural disasters.	• Sites were identified to establish plantations for restoration, protection of areas and watersheds. • The existence of overlaps in the boundaries of communal, municipal and private lands was highlighted. • There are a number of grassroots organizations that could manage the establishment of plantations for various uses within the framework of incentive programs. •
	Table 3: Determination of current techniques of primary processing of timber and marketing lines (wood uses and markets), and identification of investment opportunities.	• The need to have wood drying services in the region to improve product quality and improve the performance of the secondary industry was pointed out. • In the region, wood sawing is carried out using very inefficient (chainsaw) systems, which is a priority to be overcome, in order to better link the forest with industry. • There are very few registered industries and deposits, as well as natural forests under management. A more detailed planning and organization of the sector is required.
	Table 4: Participation of women in the forestry sector and in actions proposed by the FIP.	• Need to provide financial mechanisms that allow the development of enterprises with groups of women. • Actions or productive activities of interest were identified by women's groups.

2. Peten / Santa Elena, Flores Petén	**Table 1:** Opportunities and demands for the strengthening of the value chain of timber at the level of forest concessions and their link with responsible markets (FIM concessions).	• Technical assistance is required to define the necessary improvements for the industry (equipment and technological processes). • Innovative, ongoing ideas were identified on a small scale, such as energy generation based on biomass accumulated as waste from the industry. • Investments were made to improve the quality of products (machines, timber drying and others). •
	Table 2: Opportunities and demands for the strengthening of the value chain of timber from forest plantations in southern Petén and its potential link with the local or regional industry as an alternative to reduce pressure on protected areas.	• Training and technical assistance is required to maintain and use forest plantations. • There is insufficient capacity for primary sawmilling and for carrying out additional timber processing in the region. • It will be necessary to prepare for the use of forest plantations, both for the use and their replenishment.
	Table 3: Opportunities and demands for the strengthening of the value chain of non-timber products (xate and chicle, among others).	• Demand for investments to reactivate non-timber productive chains. There is a demand for certain products, but not the ability to satisfy it (e.g., xate). • There is scope for reactivating chicle production, but it is necessary to review the relevant legislation and promote the process. • It is necessary to address non-timber standards that require studies for activities with greater impact than they already have. • Ready available products, such as the Ramon nut, require investment in equipment and market development in the region.
	Table 4: Identification of opportunities for the establishment of silvopastoral systems in buffer zones of southern Petén complexes, in coordination with MAGA extension programmes.	• Concrete experiences were identified in southern Petén. • The limitations and potential of these systems were analyzed in the context of farms in southern Petén.
	Table 5: Participation of women in the development of actions proposed in the FIP for the Petén region.	• Women expressed their preference to participate specifically in Tables 2 and 4. Despite this, information on women's participation was collected and reported appropriately, given their interest in the generation of enterprises with non-timber products and ecosystem services.

3. Cobán (Las Verapaces)	**Table 1:** Opportunities and investment needs within the process of timber-harvesting and transportation in the region (coniferous and broadleaved) at the level of forest producers (natural forest and forest plantations).	• Take into account limitations on technical assistance and training that have affected the quality of timber in previous programs. • Investments for primary sawmilling and production of certified quality seeds. • They reaffirm the natural link with the industry located in El Progreso.
	Table 2: Existence and state of the forestry industry in the Verapaces region and investment opportunities.	• The region's industry only has primary sawmilling and more than 50% is processed in El Rancho (East Industrial Corridor). • Lack of wood drying and low secondary processing services. • The lack of seeds of good genetic quality for the establishment of plantations and silvicutural practices that improve the quality of these plantations was evidenced. • Corruption problems within the body responsible for controlling transportation of forest products on the roads were pointed out.
	Table 3: Identification of investment opportunities in agroforestry systems with an ecosystem approach, combining forest species and high value export crops (coffee, cocoa or cardamom).	• Low yields due to deficiencies in the agronomic crop management and lack of technical assistance. • Marketing, mainly of raw material, and lack of training and equipment (technological processes) so that producers have a product with greater added value and generate employment. • It is necessary to promote and stagger the local transformation of products, starting by promoting mechanisms for their craft production. •
	Table 4: Actions to improve governance in protected areas (Sierra de las Minas Biosphere Reserve) and to strengthen governance in organized community territories for effective and responsible resource management.	• It ratifies that forest fires, illegal logging, monocultures and corruption of some authorities are the major causes of deforestation in the region. • To stop it, it is important to generate economic opportunities for the population and to provide training and technical assistance. • Accountability must be demanded to improve governance in companies or groups that manage resources. • There is very little staff and resources available in the institutions responsible for managing protected areas.

4. Zacapa (East)	**Table 1:** Opportunities and investment demands for timber harvesting and transportation in the region (natural forest or forest plantations).	• The need to homogenize administrative processes of the institutions and the homologation of technical criteria was pointed out. • The implementation of technological convergence systems (collection centers for timber) was required. • The strong weakness of communication channels, which only allows working 2 to 3 months per year, was pointed out. • At least 40% of plantations have been well managed, especially those managed by forestry companies or industries. • They pointed out the administrative inconveniences and penalties to which they are exposed.
	Table 2: Opportunities and investment demands for the improvement of the industrial park (machinery, equipment, and infrastructure) in the eastern corridor.	• This table pointed out that most of the production of the plantations is being used for the construction of pallets, with the consequent loss of quality of the final product. • They also indicated that most of the access roads are in poor condition, and the plantations of small producers are very dispersed. • They indicate that in the production chain there is a lot of outsourcing of services, which lends itself to illegal actions. • They stated that for the moment the main market, and hence the process of industrialization, is the production of pallets.
	Table 3: Investment opportunities for the promotion of the production, industrialization and commercialization of agroforestry products of high commercial value (coffee, cocoa, cardamom, rambutan, etc.) and opportunities for ecotourism and ecosystem services.	• Planning for non-timber products is very costly, especially because of the type of environmental impact study (EIS). • There is a good possibility for the financial and technical articulation via the Cocodes. • They demand empowerment at the local level in order to promote the organization of production to be able to access technological processes and competitive markets. •

	Table 4: Actions needed to improve governance in protected areas (Sierra de las Minas Biosphere Reserve and protected areas of Izabal) and to strengthen governance in community territories.	• They indicated that population growth is unsustainable and, therefore, family planning and sex education should be promoted. • With regard to land use change, it is necessary to develop actions aimed at valuing natural resources and creating «cost-effective» mechanisms related to forest conservation. • They pointed out the deficient application of the law in the field of environmental crimes and recommended the strengthening of the Public Ministry, among others, by increasing the prosecution offices. • Review actions outside the law that governs Diprona. • They indicated that some regulations on PA are outdated, which is why they should be reclassified and their master plans updated. • They pointed out the problem of illegal harvesting and the loss of biodiversity, recommending the promotion of legitimate natural resource management projects and the improvement of the management of licenses and permits. • Assessment of services associated with biodiversity (at the level of ecosystems, species and genetic resources). • They identified the most threatened PAs in the region: • Sierra de las Minas (MUZ and transition areas), northern zone • Punta de Manabique Wildlife Reserve • Sierra Caral • Special protection area Sierra Santa Cruz • Biotope Chocón Machacas. • They recommended to take the following actions to improve the PAs: - Sierra de las Minas (ZUM and transition areas), northern zone - Punta de Manabique Wildlife Reserve - Sierra Caral - Sierra Santa Cruz Special Protection Area - Biotope Chocón Machacas. • They recommended to take the following actions to improve the PAs: - Strengthen advisory and technical councils - Create spaces for dialogue, forums, workshops and training - Promote community organization - Empowerment of women in community decision-making - Institutional strengthening (equipment, training, increased number of municipal and forestry guards and technicians (forestry and Sigap.)
	Table 5: Participation of women in associated productive processes.	• The broad and effective participation of women in forest projects related to incentives was pointed out.

A.2.2. Actors' Involvement Plan (AIP) for the implementation of Forest Investment Plan

10. As in the process of socialization of the Forest Investment Plan, the actors' involvement plan will be methodologically based on a process of consultation oriented towards cultural diversity with gender considerations, based on the governance of indigenous peoples.

11. As in the process of socialization of the actors' involvement plan, methodologically the process will be based on a process of socialization under a cultural diversity and gender approach, and based on the governance of indigenous peoples. .

12. In this phase not only the relationship between potential actors (producer-industry-market value chains) will be sought, but the mechanisms and responsibilities of the parties will be formalized in relation to the development of their specific actions. In other words, whenever possible, the establishment of formal agreements between members of the productive and value-added chain of forest and non-forest products will be sought. At this stage, the financial mechanism that will strengthen the renewal or updating of technological processes (equipment, machinery, training and technical assistance) must already be structured and ready for operation.

13. A relevant aspect to be sought at this stage of implementation of the plan will be the search for synergies and the application of lessons learned from other processes or projects with similar components in the target regions and at the global level, with the support of similar experiences provided by the MDBs. Additionally, the installed capacity of conservation programmes (Conap) and forest development programmes (INAB) and the private initiative will be exploited in terms of their operational capacity and alternative co-financing to achieve the proposed goals.

14. In this phase of implementation, it will be vital to capitalize on the experience and results of the consultations conducted for the development of the *National REDD+ Strategy*, as well as synergies with early REDD+ initiatives —such as Guatecarbón and Bosques para la Vida, In the MBR, and in the Izabal area, the REDD+ project for Caribbean Guatemala.

15. In this phase of implementation, strong emphasis will also be placed on the definition and enforcement of safeguards at the national level and those defined by the MDBs (IDB and WB).

Annex 3.Process and progress on the Dedicated Grant Mechanism (DGM)

1. The Dedicated Grant Mechanism (DGM) is a global initiative that was created and developed as a special window of the Forestry Investment Program (FIP). It seeks to provide donations to indigenous peoples and local communities (PICL, for its acronym in Spanish) who want to strengthen their participation in the FIP and other REDD+ processes at the local, national and global levels.

2. The DGM design document emphasizes the need to strengthen the capacity of PICLs to participate effectively in all stages of the FIP and REDD+ processes, and create livelihood opportunities that generate both benefits of mitigation and adaptation to climate. The DGM intends to accomplish this task respecting the culture, the ancestral knowledge and the indigenous systems of forest management of the PICL. The general objective of the DGM is: "To improve the capacity and support of indigenous peoples and local communities' specific initiatives in FIP pilot countries to strengthen their participation in the FIP and other REDD+9 processes at the local, national and global levels."

3. To date, the DGM as a program is implemented in eight FIP pilot countries (Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru) through donor projects, under the overall framework of a global component that serves as a platform for the exchange of experiences and knowledge. Recently other pilot countries have been added: Guatemala, Ivory Coast, Ecuador, Mozambique, Nepal and the Republic of Congo.

4. In accordance with the rules of operation of the DGM, preparatory activities to start this initiative in each country depend on the approval of the investment plan. Once the document has been approved, the World Bank, as an implementing partner, can request resources to carry out the first phase of organization and governance for the DGM through a broad consultation phase for the formation of the National Directing Council (NDC). To date, only a few consultations and briefings have taken place with representatives of local interested groups and representatives of entities of the Government of Guatemala.

5. Some important steps in shaping the DGM for Guatemala are: Consultation phase for the integration of the system of governance and integration of the NDC and selection of the national implementing agency (NIA) responsible for the execution of donated funds in conjunction with local organizations. NSC members will be selected through a self-selection process that may or may not be facilitated by the World Bank during the preparation of the national DGM project.

In any case, the selection process should be carried out in accordance with the procedures determined by the PICL in consultation with the World Bank and the Government, and must respect the FIP design document, as well as the guidelines for the consultation already carried out as part of the FIP preparation process and also as part of the future specific consultations for the formation of the DGM Guatemala, taking into account the principles of equity, inclusion and transparency. For this purpose, it will be possible to resort to the current and traditional processes and institutions of decision-making, as appropriate.

Annex 4. Preparation process of the FCPF/UNREDD R-PP *National REDD+ Strategy*

A.4.1 Background

1. Guatemala is currently preparing the national strategy for reducing emissions from avoided deforestation and forest degradation and increasing carbon stocks (REDD+). This is being carried out with funding from the Forest Carbon Partnership Facility (FCPF), amounting to USD8.8 million implemented through the Interagency Coordination Group (IACG), which is leading the REDD + process, and formed by the Ministry of Environment and Natural Resources (MARN); Ministry of Agriculture, Livestock and Food (MAGA); National Forest Institute (INAB) and National Council for Protected Areas (Conap).[56]
2. In December 2008, Guatemala submitted to the Forest Carbon Partnership Facility (FCPF) its *Readiness Project Idea Note (R-PIN)*, through which the country requested a review of its interest in participating in the Preparation of the FCPF, which included a summary of the state of land use in recent years, causes of deforestation, consultation processes at that time and potential inter-institutional arrangements that could be made for REDD+.
3. With the approved R-PIN, Guatemala continued with the next phase and agreed to USD3.8 million for the preparation of its REDD+ strategy at the national level. To this end, during the period 2011-2013, the country prepared a *Readiness Preparation Proposal (R-PP*), a document created to assist developing countries in preparing for their participation in REDD+, either through FCPF or the UN-REDD program.
4. The R-PP proposal for Guatemala addresses the basic components of REDD+ preparation, such as consultation and participation processes, interagency arrangements; grievance or complaint mechanisms; proposal for REDD+ activities; addressing the drivers of deforestation and/or forest degradation; related legal framework; reference levels of GHG emissions; forest monitoring and information systems and safeguards; incorporation of gender issues, among others.
5. In 2014, after approval of this proposal and formal access to these preparation resources, the Republic of Guatemala signed a technical cooperation agreement with the Inter-American Development Bank (IDB) as implementing partner of the FCPF. These funds are currently being executed through MARN, in coordination with the other IACG institutions.
6. To date, Guatemala has made significant progress in the preparation of its *National REDD+ Strategy*. In May 2016, it had access to additional funding of FCPF preparation

56 See: http://www.iadb.org/en/projects/project-description-title,1303.html?id=GU-T1194.

for USD5 million. To this end, the country produced a mid-term report in which significant progress in the four components of the strategy was presented, in accordance with the FCPF preparation methodology. In Figure 1 (progress evaluation system) of the mid-term report to the FCPF, Guatemala presents its progress, by component and subcomponent, according to the evaluation system of the preparation package.

7. It is important to note that the process of preparation of the National REDD+ Strategy has been strengthened by the recent approval of the *Probosque Law (Law Promoting the Establishment, Recovery, Restoration, Management, Production and Protection of Forests in Guatemala (Decree 2-2015*) .[57] This law, with a validity of thirty years (2016-2046), is part of the economic instruments of the *Forest Law*, which are one of the two proposed strategy options for REDD+. Based on the experiences of Pinfor and Pinpep, Probosque brings qualitative progress by including new modalities of sustainable forest management and establishment of forest plantations, as stipulated in its regulations.

8. According to the *Probosque Law*, and depending on the availability of public resources, the State undertakes to allocate 1% of ordinary income annually, approximately USD1.2 billion in thirty years (USD40 million per year). These public investments will have an open impact on the generation of 20,000 direct jobs and 60,000 indirect jobs per year; benefiting a total of 1.5 million families, of which an estimated 30% is made up of women.

9. Lhe appropriate articulation of the different environmental and forestry policy instruments with the *National REDD+ Strategy* foresees a reduction of emissions of approximately 20 million tons of CO_2e for the reference period 2016-2020, as established in the ER-PIN submitted in October 2014[58] and as detailed below.

57 Refer to: http://faolex.fao.org/docs/pdf/gua151313.pdf.

58 Refer to: https://www.forestcarbonpartnership.org/sites/fcp/files/2014/september/Guatemala%20ER-PIN%20Version%20Sept%202014.pdf.

Table A.4.1 Emission reduction activities and goals set in the *National REDD+ Strategy*

REDD+ Measures	REDD+ preliminary activities within the proposed REDD+ Strategy options	Estimation of emission reduction potential (M tCO2e) 2016-2020
Avoided deforestation (D)	• Incentives for conservation and SFM (natural forests) • Strengthening forest governance • Incentives for increasing carbon stocks • Improved forest management • Promotion of competitiveness and legality in the value chains of forest products	11.3
Avoided degradation (D)	• Incentives for small holders, local communities and indigenous peoples • Incentives for conservation and SFM in natural forests • Strengthening forest governance • Promotion of competitiveness and legality in the value chains of forest products	2.6
Increase in carbon stocks (+)	• Incentives for increasing carbon stocks • Incentives for conservation and SFM (natural forests) • Strengthening forest governance • Improved forest management • Promotion of competitiveness and legality in the value chains of forest products	7.02

Source: Mid-Term Report (2016)

Annex 5. Context of the gender approach in Guatemala

1. The data available for the last two decades (1990-2010) show some achievements for Guatemalan women. Among them, there is a greater number of registered women, female candidates for elected positions, more women entering public spaces, as well as a greater number of indigenous and rural women involved in political processes. However, visible and invisible obstacles persist for their participation on equal terms, in the area of decision-making, affecting their communities and the country.

2. In the case of Guatemala, phenomena of discrimination against indigenous peoples and territorial exclusion are added and combined with gender discrimination, to limit in a broader and more structural way the enjoyment of citizens' rights and the development of the potential of women in different areas.

3. In Guatemala, since the Peace Accords in 1996, substantial changes have been sought in favor of women, considering that the State, through its various entities, must guarantee the opportunities for the integral development that can be achieved through the unification of efforts of the institutions that guide economic development. This is the minimum basis for women to build their own spaces based on social organization and local structures.

4. According to population data of the National Statistics Institute (INE), by 2015, the Guatemalan population amounts to 16.18 million inhabitants, of which 48.86% are men, and the remaining 51.14%, are women. Extreme poverty at the national level affects 59.3% of the population (1,951,724 people), and general poverty affects 40.38%.

5. If information is disaggregated, it can be seen that extreme poverty and general poverty are more acute for women; poverty is also largely attributable to the indigenous population. The female and indigenous population is even more affected.

6. **Productive sector.** Women represent 53.4% of the working age population (WAP). However, only 35.9% of the economically active population (EAP) is made up of women (World Bank, 2015), a figure that is further reduced among indigenous women.

7. The first occupation of women is commerce, where 40.5% is employed; the second is the manufacturing industry, especially *maquila* and informal commerce, where 13.4% of women work. There are some economic activities that fail to reflect the reality of women's employment opportunities. For example, in agriculture, 14% of workers are women; however, in reality this figure could be higher, since the work of women in the sector is seen as a complementary activity and, sometimes, it is not even paid (INE, 2014).

8. Informal sector employment accounts for three quarters of national employment, especially in the rural area, where eight out of ten workers are in informal situations. Only 23.7% of men and 18.5% of women work in the formal sector (INE, 2014).

9. Although the level of wages for women has improved in recent years, there are still gaps in all sectors. Indigenous women earn 54% of men's salaries, while non-indigenous women earn 62.9%.

10. **Education.** Literacy rate is 57% for indigenous women and 77.7% for indigenous men, while for non-indigenous people, the literacy rate for women is 83.7% and 88.9% for men. Primary school enrollment rates are very similar for women (85%) and men (86%). In secondary school, coverage rate is considerably reduced and the number of male enrollments (49%) exceeds that of women (45%). In tertiary education, it is women who most enroll in university: 19% compared to 18% of men. However, the country's university population is very small (INE, 2014)..

11. **Head of household**. Women represent 87.5% of family heads in single-parent households, while men are heads of nuclear households (99%) or extended families (70%). Total data show that men are heads of households of 57.5% of Guatemalan families, and women of 42.5% (INE, 2014).

12. **Violence against women.** In 2008, the *Law Against Feminicide and other forms of Violence against Women* was passed, which establishes penalties for physical, economic or psychological violence against women because of their gender, including rape, spousal abuse and domestic violence. According to the Human Rights Commission of Guatemala, 560 women were victims of feminicide in 2012. Despite the penalties established by the law, approximately 98% of cases of feminicide remain in impunity in Guatemala.

13. The lags of violence due to internal armed conflict, which have not yet been healed, coupled with racism and discrimination against indigenous peoples and domestic violence have created fear, insecurity, lack of self-esteem and self-assessment of their capabilities and potentialities among Mayan women.

14. According to the latest report of the *Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)*, sexual harassment at work is a matter of particular concern in Guatemala; especially that of the maquila industry and the domestic sector, both highly exploited and scarcely regulated.

15. **Political participation.** Guatemala has a small representation of women in high government positions. Women hold 13% of seats in Congress and 20% of ministerial positions.

16. For the general elections of 2015, the voter register amounted to 7,556,873 people and it was recorded that 46% of the total electors were men; 1,736,698 voters were registered in the department of Guatemala and 734,079 belong to the metropolitan area. The number of 1,65,620 illiterate women cast their ballots in the September elections. 57% percent of the electorate was between the ages of 18 and 40.

17. Women occupying seats defined by popular election represent only 8.1% of the seats decided on the ballot. This percentage places Guatemala among the countries in the region with the lowest political participation rate of women.

18. Of a total of 338 municipalities, only 8 women were elected; only one is indigenous. These are the only women who took office as mayors, compared to 330 men who took office as mayors. According to the figures of the Citizen Registry, 4,556 women were candidates; 18% of the electoral roll, in which the majority is women, because they occupy 52% of this electoral roll.

19. **Ownership of land**. There are no legal restrictions on women's access to land property; however, the percentage of women who own it is only 6.5%. This is due to customs and attitudes of a patriarchal culture in which the man, head of the family, makes most decisions related to the land. Widowed or unmarried women with dependents control the land they have inherited from their deceased parents or husbands. The majority of other women do it through a male relative. In indigenous communities, women are even more marginalized in regards to access to land by their male relatives.

20. According to the National Agricultural Survey (ENA 2008), 85% of crop land in all forms of tenure (property, lease, and usufruct) is in the hands of male producers, in contrast to 15% that is in the hands of women producers. While individual male producers own orf lease most of the land, individual female producers own it through usufruct.

21. **Forests.** According to statistics from 2016, in Pinfor, 75.81% of beneficiaries are men, and 35% are women. The Pinpep program shows a higher percentage of women's participation, with 30.83% of beneficiaries, and 63.83% of male beneficiaries. This is in compliance with the Pinpep Law, which mandates giving priority to the participation of women in order to promote gender equality.[59]

59 *Estrategia institucional de equidad de género con pertinencia étnica y cultural*, Serie Institucional ES-001 (2015).

Gender-related legislation

22. Guatemala ratified the *Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)* in 1982. As its name implies, this international instrument aims to eliminate all forms of discrimination against women, forcing States to reform laws to ensure gender equality, establishing, among other things, effective public institutions..

23. With the signing of CEDAW, the Guatemalan State contracted a series of legal obligations of international character that were reflected in article 4 of the *Political Constitution of the Republic*, concerning the inclusion of the principle of freedom and equality between women and men.

24. In the area of protection against violence, Guatemala ratified in 1995 the *Inter-American Convention on the Prevention, Punishment, and Eradication of Violence against Women*, known as the *Convention of Belem do Pará*. This convention is one of the main human rights instruments for women to implement concerted action to prevent, punish and eliminate violence against women based on gender, while condemning all forms of violence against women perpetrated at home, in the labor market or by the State and/or its agents. Table A.5.1 presents a chronological list of laws and policies in favor of women.

Table A.5.1 Chronological relationship of laws and public policies in favor of women (1982-2009)

Año	Propuestas / Leyes / Políticas
1982	*Approval of Convention on the Elimination of All Forms of Discrimination against Women*
1985	*Inclusion of the principle of freedom and equality between women and men in the Political Constitution of the Republic (Art. 4)*
1994	*Approval of the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women*
1996	*Women Agenda contained in the Peace Accords, mainly in the Socioeconomic Agreement and Agrarian Situation and Agreement on the Strengthening of Civil Society*
1997	*Law against Domestic Violence*
1999	*Law for the Dignification and Integral Promotion of Women, as well as some reforms to the Civil Code*
2000	*Policy for the Promotion and Development of Women and the Plan for Equity of Opportunities 2001-2006, instruments that include a decade of contributions from women's organizations and from some State bodies*
2001	*Ratification of the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (Decree 11-2002, May 19, 2002), and approval of the Social Development Law (Decree 42-2001)*

2002	*Law on the Development Councils, Decree 11-2002, Municipal Code, Decree 12-2002, and General Law on Decentralization, Decree 14-2002, where it is contemplated the representation of women at the municipal, departmental, regional and national levels.*
2002	*Plan of action for the full involvement of Guatemalan women 2002-2012, designed by SEPREM (Foro Nacional de la Mujer y la Secretaría Presidencial de la Mujer)*
2003	*Law on Indigenous Languages (Decree 19-2003), Which opens up the possibility for rural monolingual women to have access to justice in their language.*
2003	*Law on Comprehensive Protection of Children and Adolescents (Decree 27-2003), which provides protection against legal trafficking, kidnapping, sale and trafficking of children and adolescents.*
2004	*National Plan for the Prevention and Eradication of Domestic Violence and against Women (Planovi 2004-2014), of the National Commission for the Prevention of Violence against Women(Conaprevi)*
2005	*Universal and Equitable Access to Family Planning Services Act and its integration into the National Reproductive Health Program (Decree 87-2005)*
2008	*Gender equity policy in higher education - Iumusac/USAC*
2008	*Law Against Feminicide and other forms of Violence against Women; Law against Sexual Violence, Exploitation and Trafficking in Persons*
2009	*RRegulation of the Universal and Equitable Access to Family Planning Services Act*
Source: Secretariat of Planning and Programming of the Presidency (2010)	

Gender and climate change

25. Article 16 of the *Law for the Dignification and Integral Promotion of Women, Decree 7-99*, states that in order to promote and guarantee a better quality of life for the family, the Government will promote development policies and a genuine harmonious relationship with nature, oriented towards the good use of its resources. It shall take all necessary measures to restrict the use of technologies that violate, degrade or endanger the balance of the ecological system, the biosphere and the national environment

26. The *Framework Law against Climate Change (Decree 07-2013)* includes among the guiding principles that must be observed in decision-making and in action, integrality, which consists of "[...] considering the cultural and ethnic pertinence as well as gender perspective, in the design of plans, programs and actions."

27. The contributions contained in the INDC of Guatemala will strengthen the actions contained in the 2032 K'atun N*ational Development Plan: Our Guatemala*, in a coherent and systemic articulation effort with the Sustainable Development Goals (SDGs) for the year 2030, with a low emission focus. The foregoing, in compliance with the mandates of the *National Policy on Climate Change (Governmental Agreement 329-2009)*, the *Framework Law on Climate Change and its safeguards (Article 3)*, human rights, gender equity, rights of indigenous peoples and the principles recognized internationally by the country.

28. Considering that Guatemala signed and ratified the *Convention on Biological Diversity, the sustainable use of genetic resources and the fair and equitable sharing of the benefits of their use*, the National Council of Protected Areas (Conap), in the exercise of its steering role will be responsible for coordinating the implementation of the *Biodiversity Policy*, facilitating actions between the different public and private institutions The *Convention on Biological Diversity* is the first global agreement focused on the conservation and sustainable use of resources, as well as on equitable sharing of the benefits derived from the use of biological diversity. This instrument reaffirms the sovereign rights of countries to regulate access to biological resources.

29. The *Institutional Policy for Gender Equality and Strategic Implementation Framework 2014-2023* of MAGA aims to "Contribute to the exercise of women's human rights, by creating opportunities for their participation in all links in the sustainable agricultural, livestock, forestry and hydro-biological production chain, with ethnic and cultural relevance, within a framework of equality between men and women and promoting integral rural development.

30. MAGA's efforts are defined through the creation of the Gender Unit as a special unit of execution (*Ministerial Agreement 128-2011*), reporting directly to the Superior Office. Its main objective is to socialize, implement and execute actions aimed at reducing exclusion gaps to which women have been subjected, and facilitate their access to different institutional activities within the framework of the *National Policy for the Promotion and Integral Development of Women*.

31. The *Gender Environmental Policy* of MARN, approved in 2015, contemplates the following specific objectives: a) institutionalize the gender approach in the substantive functions of MARN; b) incorporate differentiated actions focused on women and men for the conservation and sustainable use of natural goods and services; c) fulfill the actions corresponding to MARN in the *National Policy for the Promotion and Integral Development of Women* and the *Plan for Equity Opportunities*.

32. The *Gender Equity Institutional Strategy with Ethnic Relevance* of INAB raises the following specific objectives: a) to promote the equal participation of men and women in programs and services; and b) strengthen the capacities of INAB staff to incorporate a gender and ethnicity perspective into the institutional operational plan so that the institution's actions are directed towards the fulfillment of public policies and the international commitments acquired by the State of Guatemala linked to the forestry sector.

33. To comply with the international conventions on women's economic, social, political and cultural rights, Conap promotes a culturally-relevant gender strategy with the aim of "Promoting a gender approach in programs and services to ensure access to the fair and equitable sharing of benefits in conservation and the sustainable use of protected areas and biodiversity." This instrument is based on principles of gender equality, recognizing

and valuing the contribution of women and men in equal economic and social conditions; on cultural principles, so that the actions that are promoted at institutional level consider the cultural elements, worldview, language, principles, values and the own forms of organization according to the peoples; and the principle of equity, so that the use and management of biodiversity promotes the fair and equitable distribution of benefits between women and men, considering their cultural relevance.

Independent Review of the Forest Investment Plan of Guatemala (GUAT-FIP)

Reviewer: David Kaimowitz
Date of review: 19 April 2017

PART O: Setting the context
(from the reviewers overall understanding of the FIP document)

The overall objective of the Guatemala FIP is to contribute to the country's Green House Gas (GHG) emissions targets by reducing deforestation and degradation and increasing forest carbon stocks.

The FIP has identified four priority regions for an initial intervention of 5 years, covering a total of 86,038 kms (80% of the national territory):

- Petén (3.6 m ha) is the region with both the most forest and the most deforestation. Forest clearing there is mostly for cattle ranching, maize and bean cultivation, and oil palm. More than three quarters of all land in protected areas is in Petén. Communities and companies sustainably manage the forests in the Multiple Use Zone (MUZ) of the Mayan Biosphere Reserve (MBR). Protected areas outside the MUZ have the highest deforestation rates.
- The Verapaces and Izabal (2.1 m ha) are the second most forested region. It also has deforestation hot spots, but was chosen largely due to its dynamic forest plantation sector, involving both cooperatives and companies.
- The Western (highlands) region (2.0 m ha) has the largest Indigenous population. Indigenous communities manage a substantial area of fragmented coniferous forests. Thanks to communities tree planting and natural regeneration, the region's forest cover has been increasing. Nonetheless, some places suffer from forest degradation due to excessive fuelwood harvesting.
- The Eastern region (0.9 m ha) has limited forest cover (and deforestation), but significant installed timber processing capacity and small-scale plantations. It also has high poverty rates.

The Guat-FIP proposal's strategy to reduce deforestation and forest degradation and increase forest carbon stocks focuses on three sets of activities: 1) strengthening the institutional capacity of the INAB, the National Protected Areas Council (Conap), and other government agencies; 2) supporting sustainable forest management, including natural forest management, timber plantations, agroforestry, and silvo-pastoral systems; and 3) improving forest governance and promoting non-timber forest-based income options, particularly in protected areas and indigenous communities. The work in Petén would emphasize avoiding deforestation. The other regions would focus more on forest restoration. The strategy seeks to undertake these efforts in ways that reduce poverty, ensure food security, improve forest sector competitiveness, promote gender equality and citizen participation, respect indigenous rights, and strengthen the rule of law.

The proposal builds on Guatemala's main strengths with regards to forests: 1) well-functioning community forestry concessions in Petén; 2) a tradition of indigenous communal forests in certain regions; 3) a successful government forest incentives program; 4) the presence of municipal forest offices; and 5) a functioning national forest service (INAB) and protected areas department (CONAP).

Guatemala has made progress towards developing a National REDD+ strategy. An Inter-institutional Coordinating Group (CGI) composed of the Ministries of Environment (MARN) and Agriculture (MAGA), INAB and CONAP, is leading that process. The REDD+ strategy will revolve around two key pillars: 1) strengthening Guatemala's protected area system and 2) strengthening the economic in-

centives for sustainable forestry activities. Those two pillars are also at the heart of the FIP investment plan, and the CGI would guide FIP implementation.

The FIP proposes to support forest-based investment through two projects managed by the IADB in collaboration with the World Bank. Both projects are expected to be implemented over five years (2018-2022). The two projects' total proposed budget would be $76,360,000, of which $3,150,000 would be a FIP grant, $20,850,000 would be FIP loans, and the remaining $53,325,000 would be government counterpart funds. Guatemala would also be eligible to receive DGM funding once the FIP Investment Plan was approved. The FIP Investment Plan proposes the following interventions:

Project 1 Sustainable Forest Management

Component 1, Institutional Strengthening:

- Provide training, equipment, and other resources to improve INAB and Conap's capacity for planning, monitoring, extension activities, and the administration of forestry incentives.
- Train the Municipal Forestry Offices in administration of forestry incentives, forest management plans, and activities related to timber plantations and protected areas.

Component 2, Integrating Forest Management – Processing – Markets:

- Promote strategic alliances and provide institutional strengthening and financial support to forest industries and grassroots forestry producer organizations to make forest-related supply chains more competitive and sustainable.
- Provide market intelligence, technical assistance, and other support to help producers increase their added value, identify new markets, utilize non-traditional species, certify their production, access funding, and improve their productivity.

Component 3, Access to Public and Private Financing:[60]

- Assist local communities and other producers to get access to government forestry incentives and use those incentives appropriately.
- Create a financial instrument to provide private credit for forest-related activities, supported by a loan guarantee fund and a technical assistance fund. In addition to funding commercial forestry, this financial instrument could also reduce problems linked to delays in government disbursement of forestry incentive funds.

Component 4, Forest Landscape Restoration:

- Work with multiple stakeholders to conduct forest inventories, develop forest management plans, monitor supply chains, and undertake educational campaigns and training designed to ensure the sustainability of fuelwood production.
- Use forestry incentives to promote the production of shaded coffee, cocoa, cardamom, and other perennials in priority areas for forest restoration.
- Provide farmers with technical assistance and training about silvo-pastoral systems and forest restoration in degraded pastures and help them access forestry incentives for this purpose.
- Support restoration of natural forests in sites near other funded activities.

All four components include measures to ensure strong involvement of women, including activities specifically for women and quotas for women's participation in mixed activities.

60. For operational purposes and its private sector nature, this component has been included in a separate Project as its approval and execution will be managed by the Multilateral Investment Fund of IDB.

INDEPENDENT REVIEW COMMENTS	Guatemala FIP team responses
Part I: General criteria: The investment plan complies with the general criteria indicated in the ToRs.	
A. Country capacity to implement the plan	
Guatemala's government forestry agency (INAB) and protected areas council (Conap) have functioned better than one might expect given the broader national context. Their multi-stakeholder governance structure, strong leaders at different points, and high levels of international assistance contributed to that. The government has had major forest policy successes with community forestry and forest restoration over the past two decades, as well as notable failures in the protected areas of west Petén. Conap and INAB are currently weaker than before. They have quite limited resources and have been indirectly affected by the recent national political instability. While they retain some capacity to administer the forestry incentives (INAB) and co-manage certain protected areas with grassroots organizations and NGOs (Conap), they have limited capacity to provide extension services, carry out analysis, or undertake other complex tasks. The FIP Investment Plan recognizes Conap and INAB's institutional weaknesses as risks and emphasizes efforts to strengthen them. This may suffice in order to implement the plan. Nonetheless, five years goes by fast, the plan is quite ambitious, and the FIP investment is small compared to that ambition. In the subsequent planning it would be advisable to focus on smaller geographic regions and a more limited set of activitie	This is especially true. During the institutional consultation process (MDB missions, regional and national workshops and working groups), the need to strengthen the operational and administrative performance of INAB and CONAP was evident at all times. Under this scheme, interventions proposed in the Investment Plan will focus on strengthening the following areas:: 1. Strengthening of the technical capacities of INAB and CONAP at the central and regional levels, as well as those of local governments and institutional partners, mainly community-based organizations. 2. Facilitation of forest and environmental management instruments, especially in areas selected for the implementation of the activities of the two projects. 3. Strengthening of the environmental legal framework (including modification of legal and regulatory instruments) to prevent high-impact environmental crimes related to forests, in cooperation with security entities and justice agencies. In regards to the short period of implementation (2018-2022), Guatemala FIP strategies will focus on the development of "scalable pilot actions" in each project, as well as on the development of institutional management tools. This seeks to achieve effectiveness in the implementation of the IP, in such a way that its effects and lessons learned transcend beyond its short period of implementation. In the case of INAB, FIP will contribute to the Probosque start-up phase in certain targeted areas, whose outcomes are projected to 2046.

B. Developed on the basis of sound technical assessments	
The proposal generally seems technically sound. The authors correctly identified the magnitude, location, and proximate causes of deforestation, as well as some underlying causes. Their proposed solution of building alliances with grassroots organizations, NGOs, and local governments to strengthen community forestry and joint monitoring and control is compelling. The authors recognize this solution will only work where there is a high degree of organization and social cohesion. However, given that a large share of the forest is in places like that and that forest is also at risk, their proposal to focus on such places makes good sense. One major omission is that the proposal does not discuss renewal of the 400,000 ha of community forestry concessions in Petén. This is the largest single block of intact forest in Guatemala. The current contracts run for 25 years and will expire soon. Failure to renew them would put hundreds of thousands of hectares of forest at immediate severe risk. In addition, Guatemala will find it very difficult to attract investors to its largest forest carbon program –Guatecarbón– unless the communities involved have long-term rights to manage the forests. The opportunities the plan identifies to use forest restoration to increase carbon stocks also reflect solid analysis. Forest cover has been rising in much of western Central America, including Guatemala. Expanding urban markets for timber, fruit, fuelwood and charcoal, and ecotourism, the desire for shade and clean water, the use of trees as a savings mechanism, prospects for profitable pine production, and relatively secure tenure rights have contributed to that trend. In Guatemala, forestry incentives and vibrant indigenous and mestizo community forestry groups have also played important roles. In that context, the proposals to improve the competitiveness of forestry activities and the efficiency of the forestry incentives program have good prospects for success. They swim with the current, not against it. The proposal to create a new financial mechanism to overcome bottlenecks in financing is based on sound diagnosis and previous experience. The argument that a guarantee fund could unleash substantial private lending appears plausible. The claim that the highlands suffer from a major fuelwood deficit is plausible, but not totally convincing. One study that estimated fuelwood supply and demand for different areas identified a large deficit, particularly in the municipalities between Sololá and Totonicapán. This may be the case, but merits further analysis before being accepted. As previously mentioned, forest cover has increased in much of western Guatemala, and the FIP proposal itself shows the highland's net forest emissions were negligible from 2000-2010. While there may be local fuelwood deficits, it is not at all clear that there is a large structural fuelwood deficit. The practical relevance of this is that Component 4 of Project 1 proposes more regulation of fuelwood production and trade to solve what may be a non-existent or very localized problem. Most countries that have tried to regulate fuelwood have had little sustained success, and this would be a poor use of INAB's very limited resources. On the other hand, the proposals to invest in increasing fuelwood supply seem appropriate, independent of any fuelwood deficit. (Note that, in any case, there is little relation between result 3 and the proposed performance indicators 3.1 and 3.2.).	Renewal of concession contracts is, in fact, a contractual issue between organized concession groups and the State (Conap). IP interventions will be translated into preparation of operational and administrative performance, as well as improvement of technological capabilities (options for equipment renewal and provision of operational funds) and search for market alternatives for competitive marketing of certified forest products (timber and non-timber). In other words, FIP will be strengthening the business and management capacity of concessionary groups, preparing them for the forthcoming renewal of concession contracts. Indirectly, it will also be facilitating their business performance for a new contract-term with the State. In addition, one of the actions proposed in the IP will be the management of the allocation of the remaining area of the MBR MUZ, which has not been concessioned, so that the 850,000 hectares are managed under the same type of concession. The comment provided by the independent reviewer in pointing out that the IP has identified the use of forest restoration through incentive programs as a promising alternative to increase carbon stocks is of high value. This is contemplated in the first project, aimed at strengthening the development of the two forest incentive programs (Probosque and Pinpep) as a tangible strategy of the Government of Guatemala to promote the restoration of the forest landscape with substantial funds from the public budget and a broad public and private participation. With regards to the last comment, it is worth pointing out that when formulating Project 1 and its component 4, the greatest emphasis will be placed on securing the supply of firewood as a source of energy in the rural area, with the support of the forestry incentive programs. This will include increasing forest management in natural forests, from which 85% of the firewood used as the main source of energy comes from. However, the IP will not neglect forest management as a tangible alternative to reduce illegal logging and trade of wood, since this scourge is among the main drivers of degradation of the remaining natural forests in the departments indicated by the independent reviewer. We are grateful for the valuable comment to improve the relationship between component 3 and indicators 3.1 and 3.2, which have been improved in the final version of the IP.

C. Demonstrates how it will initiate transformative impact	
The FIP proposal has the potential for transformative impact. It estimates the program will reduce net carbon emissions by 3.88 mtCO2e per year. That would represent roughly one third of the average national net forest carbon emissions between 2000 and 2010. If implemented as proposed, it would improve the capacity of Guatemala's two most important forestry agencies. Better collaboration between those agencies and the municipal forest offices, grassroots community organizations, and private companies could improve many aspects of forest policy. The proposed financial mechanism would unleash an estimated $30 million in new private forestry lending. Tens of millions of dollars of government forestry incentives would be better administered. New innovations in forest processing, payments for environmental services, eco-tourism, non-timber forest products, silvo-pastoral systems, and company —community partnerships could generate self-sustaining growth. National forest policies that address gender inequalities, indigenous rights, and traditional knowledge more consistently would also provide substantial benefits.	Noted with thanks and no comments from the team part.
D. Prioritization of investments, lessons learned, M&E, links to the results	
The FIP proposal is ambitious, given the limited FIP investment of less than $5 m/year. The «prioritized regions» cover 80% of the country and an even higher percentage of its forests. The two projects´ eight components have an average budget of only $600,000 / year each. Appendix 1 demonstrates that the FIP team already has an idea of exactly what they want to invest in within those large priority regions and general components, and why. Based on this, one can conclude that the true priority areas are much smaller than those that appear on the map. The team also has a sense of what can be done with the funds available. The appendix shows the FIP prioritizes locations and activities where grassroots organizations, NGOs, or existing projects already have capacity, which is reasonable. Even so, the proposal may well be too geographically dispersed and have too many «moving parts» for weak agencies like INAB and Conap to implement effectively. Rather than try to do a bit of everything —e.g. four major regions, natural forests, forest plantations, natural regeneration, agro-forestry, silvo-pastoril systems, fuelwood, processing, finance, technology, markets, legality verification, community— company partnerships, etc., it might be better to prioritize and concentrate on a subset. The material on M&E and links to results framework is short and general, but probably adequate for this state of the process.	Indeed, it is planned to invest less than USD5 million per year of FIP funds. However, in Project 1 and within forest incentives, a counterpart of at least USD5 million per year is expected (USD25 million over the life of the project). In addition, and within the financial mechanism, the IDB/MIF will be contributing another USD5 million to create the guarantee fund within the financial mechanism with the aim of creating a private investment fund of at least USD30 million for the reactivation of private sector investments (banks and producers). All these resources, added to the private investments, can mean a better average annual contribution. Regarding the second paragraph, the Guatemalan FIP team agrees with the idea that the proposal seems to have a relatively wide territorial extension. However, it is important to mention that, in practice, it should be considered that the areas of intervention will be much more focused towards those where the best levels of emission reduction are achieved, on the one hand, and carbon stocks are increased, on the other. This, among other major factors. With regards to the last paragraph of this comment, concerning material and methodological steps for the development of the monitoring and evaluation system, it should be pointed out that each project has a specific component to measure the scope of the proposed outcomes, products and activities (Component number five of each project).
E. Stakeholder consultation and stakeholder engagement	
The team extensively consulted stakeholders, including the main community forestry, forest-related indigenous organizations, and conservation NGOs, municipal governments, forestry companies (and their associations), and bilateral and multilateral agencies. A large number of women participated in the consultations, although men out-numbered them by a substantial margin. There were national consultations and regional consultations in all four-priority regions. The proposal adequately summarizes the main feedback from those meetings and incorporates many stakeholder comments.	No comments from the Guatemalan FIP team.

F. Social and environmental issues, including gender	
The FIP proposal reflects a good understanding of the social and environmental issues, including gender. All the components incorporate well-thought-out measures to promote gender equality, including gender training, targets for women's participation in mixed activities, and activities designed specifically to meet women's needs. Women expressed their needs and concerns during the consultations and the proposal incorporates many of these. INAB and Conap have formal gender equality strategies. The FIP proposal adequately addresses indigenous peoples' issues. It recognizes the importance of indigenous management of communal forests and indigenous traditional knowledge, and prioritizes indigenous communities. It foresees training INAB and Conap staff for working with indigenous communities. INAB has a formal strategy for attention to indigenous populations. The IADB and World Bank have safeguards concerning indigenous peoples and the proposal says project activities will include plans to mitigate social and environmental problems and will create mechanisms to resolve conflicts that may arise. It is less clear that Conap and INAB will be able to implement everything the FIP proposal includes related to gender and indigenous peoples. The units responsible for these issues are extremely weak. Conap has found it challenging to address recent conflicts with indigenous communities in the Semuc Champey protected area and with indigenous settlers in the protected areas in Petén[1]. Given that, project activities related to these issues deserve high priority and rapid attention —particularly with regards to creating a well-functioning mechanism to resolve conflicts.	Coordinating and executing bodies of the Guatemalan Forest Investment Plan will take into account the fulfillment of the safeguards related to indigenous communities established by the World Bank and the Inter-American Development Bank (IDB). This includes the development of mechanisms for the resolution of potential conflicts in the intervention areas. We acknowledge the current weakness of Conap and INAB to address the complex interaction between population growth and pressure on natural resources. However, it is also necessary to point out that, along with the community demands for land, other groups of economic power operate in Guatemala, which end up segregating huge tracts of land for extensive livestock breeding or for the establishment of African palm plantations, especially in the northern plains of the country. Addressing these complex problems at the level of the last frontiers of natural forest and within protected areas is beyond the institutional capacities of INAB and Conap, as it transcends other bodies responsible for the administration of justice (Ministry of Interior, Public Ministry —in particular, the Environmental Prosecutor´s Office— and Diprona). To date, positive results have been achieved through the opening of the first Prosecutor´s Office of Crimes Against the Environment in Petén, which is bringing to final judgment a greater number of cases than in the past. Project 2 includes, in its components 1 and 2, the strengthening of capacities of social and institutional organizations on governance and governability issues. AIn addition, the existence of the State's Indigenous Interagency Coordination Group, in which 32 entities, including Conap, participate, is a fact of great value. Under this initiative, the creation of an indigenous cabinet has been promoted, as well as the Executive Secretariat of Indigenous Peoples. The FIP includes the development of a social participation approach (forest monitoring) to strengthen actions promoted by State institutions.
G. New investments or funding additional to on-going/planned MDB investments	
The FIP is well coordinated with a number of relevant programs. The proposal adequately describes the relevant projects of the IADB, World Bank, GEF, UNDP, FAO, KfW, USAID, IUCN, and UKSA and explains their complementarities and synergies with the FIP. The text has many examples of proposed future collaborations with other projects. The FIP is well integrated with FCPF activities and the proposed activities follow closely from the National REDD+ strategy.	No comments from the FIP Guatemalan team.

60 *See for example:* https://www.theguardian.com/environment/andes-to-the-amazon/2016/dec/17/top-guatemalan-beauty-spot-mired-in-in-digenous-rights-conflict *and* http://www.prensalibre.com/guatemala/peten/campesinoas-invaden-zona-protegida-conocida-como-el-peruito.

H. Institutional arrangements and coordination	
The basic institutional arrangement and proposed coordination mechanisms seem adequate. The CGI, composed of the Ministries of Environment and Agriculture, INAB, and Conap, will oversee the projects. INAB will coordinate overall implementation; INAB and Conap will each implement specific activities. The INAB and Conap will contract consultants and sign agreements with municipal governments, grassroots organizations, private companies, and NGOs.	No comments from the FIP Guatemalan team.
I. Poverty reduction	
Many proposed activities contribute to poverty reduction. Community forestry, small farmer perennial crop production, and rural tourism have provided important pathways out of poverty. This proposal would bolster those efforts. The forestry incentives provide income to poor families. However, it would be useful to have guidelines for which populations will be eligible for support with FIP funds. The INAB provides incentives and other services to wealthy groups as well as low incomes communities, and FIP funds should not be used to subsidize the former.	It is important to note that the institutional management strategies set forth in the Forest Investment Plan will focus on ensuring that FIP resources reach a wide range of beneficiaries, especially those in the rural area. The third line of intervention emphasizes the development of productive actions (incentives, SAF, development of ecosystem services, etc.) in the territories of indigenous peoples and local communities. The continuity of Pinpep, the development of actions under Probosque, and the strengthening of municipal offices to promote reforestation programs and forest landscape restoration will be oriented towards the promotion of development actions for groups of small and medium-scale community producers.
J. Cost effectiveness of proposed investments	
The proponents estimate FIP activities would reduce net forest carbon emissions by almost 4 mtCO2e per year, with a total investment of about $16 million / year. That comes to about $4 t CO2e / year, which would be cost effective. That being said, the proposal does not provide sufficient details to assess the plausibility of those estimates. The budget information is general and the draft provides limited information on the scale of activities. There is a lot of text about what types of activities would be carried out, but much less on the scale of those activities or their cost.	A description was added at the end of Annex 1 (Paragraph 77) indicating the cost / benefit ratio between the average annual amount of investments (USD15.47 million) and their impact on reduction levels. As stated by the external reviewer, the average cost per reduced ton of CO2e /year is approximately USD3.87. At the time of designing component 5 (M&E) of each project, the scale and cost of execution of each proposed activity will be defined, as well as its proportional contribution to the reduction of emissions or increase of carbon stocks. Each activity —and, hence, each component within each project— will have its own budget breakdown in order to estimate the necessary costs and its contribution to the achievement of emission reduction targets.

Each criterion is assessed in 3 colors
Green = met the criteria
Yellow = need for some additional work
Red = did not meet the criteria yet

Project 2: Strengthening Governance and Livelihood Diversification (focused on protected areas, indigenous communities, and surrounding areas)

Component 1, Strengthening Government Agencies & Civil Society in Forest Governance:

- Creation and strengthening of centers for control and monitoring of deforestation and degradation and reactivation of the inter-institutional roundtable on illegal logging.
- Support multi-stakeholder dialogues and consultancies to build understanding and adjust and implement government strategies, rules, norms, and administrative processes related to forests as well as traditional community norms and procedures.

Component 2, Strategic Alliances with Local Actors for Monitoring and Control:

- Establish alliances with community organizations in protected areas and indigenous lands focused on monitoring, control, and vigilance, payment for environmental services, and community – company partnerships.

Component 3, Giving Value to Environmental Goods and Services:

- Develop pilot projects for payment for environmental services, eco-tourism, bottled water, and similar goods and services.

Component 4, Consolidation and Diversification of Sustainable Livelihoods:

- Assist with studies, policy dialogues, training, exchanges, and other activities to strengthen existing non-timber forest product and tourism efforts.

As with Project 1, the document envisions specific efforts in each component to ensure gender equality.

Part II: Compliance with the investment criteria of FIP

Comment on whether the investment plan complies with the criteria specific for FIP (see TORs).

(1) Complies with the principles, objectives and criteria of the FIP as specified in the design documents and programming modalities.

FIP principles: *In addition to the Governance Framework of the Strategic Climate Fund (SCF), the principles (i) to (vi) apply.*	
(i) National ownership and national strategies	
The Guatemalan government agencies drove this process and determined the content of the proposal. INAB played a leading role and the Ministries of Environment and Agriculture and Conap were actively involved. The proposal is in line with existing forestry, climate change, and protected area legislation, and with the relevant government policies, strategies and international commitments	In general, it is important to explain that Guatemalan forestry and envi-ronmental framework is integrated by 4 different organizations: Conap, responsible for the protected area system encompassing near to 3.2 mil-lion hectares, while INAB administers forest outside of protected areas. MARN is responsible for environmental issues within and outside pro-tected areas, and MAGA manages forestry, agroforestry and silvo-pas-toral topics within the agriculture sector. FIP started pulling together all these organizations to catalyze efforts as well as joint financial resources to enhance and ensure accomplishment of expected activities, outputs and outcomes in a coordinating manner.
(ii) Contribution to sustainable development	
The proposed activities would contribute to many Sustainable Development Goals. They would: 1) reduce poverty by generating forest related incomes for poor families; 2) contribute to gender equality by promoting the full participation of women in decision-making processes, and providing them with additional income; 3) help rural communities to have clean water; 4) increase the supply of fuelwood, an affordable and relatively clean source of energy; 5) mitigate climate change and protect and restore terrestrial ecosystems; and 6) contribute to peace, justice, and strong institutions.	Both the institutional coordination amongst Conap, INAB, MARN and MAGA, and tangible participation of local government and grassroots organizations will ensure contribution to sustainable development in target areas and participant groups and producers within and outside protected areas.
(iii) Promotion of measurable outcomes and results-based support	
The proposal has measurable targets for reduction of net forest emissions (broken down into its component parts), private lending, municipal offices strengthened, increase in women who receive forestry incentives, municipalities involved in FIP fuelwood activities, areas of natural forest that will have new agroforestry areas nearby, and silvo-pastoral pilot sites. It would be useful to have quantitative estimates for many other proposed activities, outputs, and outcomes, as well as a few tables or figures that pull together that information. The proposal has a reasonable logical framework, with a relevant set of indicators, some of which can feasibly be measured, others can't.	Specific measurable quantitative estimates will be developed during two projects preparation. This will include appropriate tables and figures to address expected activities, outputs and outcomes, and also their estimated budget. At that stage, the set of indicators will be evaluated to define their feasibility to be measured in a qualitative and quantitative manner. Potentially those indicators with a remarkable difficulty to be measured will be discarded. Components 5 of each project include separate resources for developing the monitoring and evaluation framework. All present indicative indicators will be broken down to define specific targets to be achieved in focused selected areas and the correspondent budget per activity.

(iv) Coordination with other REDD efforts	
The proposal documents effective coordination with the FCPF activities and gives a detailed description of how the FIP will coordinate with FCPF, DGM, and other REDD efforts going forward.	Investment Plan (IP) responds to support planned activities within the Guatemalan National REDD+ strategy and accomplishment of country´s commitments within FCPC framework for contributing to GHG emissions reduction. Once IP is approved, the DGM will be developed with direct participation of indigenous groups and the «mesas de concertación indígena» that are already participating in development of the Guatemalan National REDD+.
(v) Cooperation with other actors and processes	
As discussed previously, the document adequately addresses this.	No comments on the Guatemalan FIP team.
(vi) Early, integrated and consistent learning efforts	
The proposal does not give much attention to learning. At present, neither INAB nor Conap has much capacity for structured learning. The proposal includes many innovative topics and approaches that are largely new for Conap and INAB, which could provide lessons, but it says little about what will be done to learn more formally from those experiences. That merits greater attention.	The team is in agreement with the idea that more details on lessons learned need to be incorporated as a starting point (baseline) of the proposed actions. However, it states that the IP is based on the programmatic experience developed by INAB in its forestry incentive programs (Pinfor and Pipep), while also taking into account the windows of opportunity of the new Probosque program. Meanwhile, Conap has valuable experiences in the areas of co-administration and production of environmental services in PAs (for example, the concession process, co-management initiatives of major PAs and ecosystem services generation). The Guatemalan FIP team is committed to take into consideration previously-learned lessons and systematize those that are generated during the execution of the projects proposed in the IP. These recommendations from the independent consultant will be taken into account during the development of the implementation plan, which entails the development of additional consultations in the targeted areas of intervention.

FIP Objectives:	
Providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help to adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements.	
a) To initiate and facilitate steps towards transformational change in developing countries forest related policies and practices[1]	
This proposal directly addresses key drivers of deforestation and obstacles to increasing forest carbon stocks. It includes multiple mechanisms to build inter-institutional coordination within the government and between government agencies, civil society, and the private sector. Strengthening Conap and INAB is key for transformational change in forest policies and practices. The proposal includes efforts to consolidate Guatemala's most successful forest policies and initiatives, as well as more experimental innovations, which could potentially lead to transformational change in the medium to long-term.	No comments from the Guatemalan FIP team.
b) To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures, and long-term emissions reduction and conservation, SFM and the enhancement of forest carbon stocks in developing countries	
The components potentially replicable pilot models such as new financial mechanisms, company-community and government —community partnerships, silvo-pastoral practices, and projects designed for women, and efforts to incorporate traditional knowledge, among others. It will be important to document these experiences and disseminate the results. Consultants will largely implement some proposed pilot models. In those cases there needs to be a clear strategy for sustaining the efforts after FIP support ends. It is probably unrealistic to expect Conap and INAB to ever have the capacity to provide high quality technical assistance or analysis.	Guatemala FIP team commits to document and disseminate pilot replicable models along focused areas that positively contribute to GHG emissions. This will include all forest-related investments (public and private), as well as the policy and civil society participation framework that both Conap and INAB will be implementing during IP execution. An exit strategy will also be developed to ensure follow up of main actions (actually replicable and scalable models) after FIP support ends. Due to the relatively short period of time (2018-2022) that FIP envisions, IP overarching impact would come from development of replicable pilot models, based on tangible conservation (Protected Areas System) and enhancement of carbon sinks (forest incentives) initiatives that already form part of Guatemala strategy for contributing to GHG emissions reduction.

61 This should be done through:

a) Serving as a vehicle to finance investments and related capacity building necessary for the implementation of policies and measures that emerge from inclusive multi-stakeholder REDD planning processes at the national level;

b) strengthening cross-sectoral ownership to scale up implementation of REDD strategies at the national and local levels;

c) addressing key direct and underlying drivers of deforestation and forest degradation;

d) supporting change of a nature and scope necessary to help significantly shift national forest and land use development paths;

e) linking the sustainable management of forests and low carbon development.

c) To facilitate the leveraging of additional financial resources for REDD, including through a possible UNFCCC forest mechanism, leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests	
This proposal includes a well-designed component focused on mobilizing both private and public finance and clear strategies for creating synergies with other multilateral and bilateral projects. The effort will facilitate DGM funding and could set the stage for FCPF Carbon Fund investments.	One of the main pillars of the Forest Investment Plan is the design of a financial mechanism and a guarantee fund to promote private investment. After approval of the IP, the development of the proposal for Dedicated Grant Mechanism funds is expected, which includes about USD4 million in donations, specifically aimed at supporting indigenous peoples and community groups. Substantial funding of both public funds and international cooperation (for example, IDB/MIF) is envisaged. Other collateral funds that will also be added to the FIP initiatives include, for example, EU/FAO/FLEGT, IPP-UKSA and IDB/MIF funds, apart from contributions from other bilateral and multilateral cooperation agencies. A tangible contribution from the GoG will be the contributions from State funds for the development of forest incentive programs (Probosque and Pinpep) and funds allocated annually to conservation initiatives within Sigap.
d) To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD	
This proposal includes many elements useful for the UNFCCC deliberations on REDD+. These include the potential contribution of community management of natural forests and plantations to climate change mitigation; lessons related to the effectiveness and efficiency of public forestry incentives, mainstreaming gender considerations, creating an enabling environment for private lending for forests, and building partnerships between government forest agencies and forest communities, among others.	No comments from the Guatemalan FIP team.

FIP Criteria (FIP design document, additions as per FIP Investment Criteria and financial modalities: *Identify the theory of change behind the proposed interventions (projects) and how they contribute to the overall programmatic approach. Consider how the IP can also effectively meet criteria set by other funding sources, especially the Green Climate Fund, FCPF and Biocarbon Fund.*	
a. Climate change mitigation potential	
The proposed 3.88 mtCO2e / year reduction in net forest carbon emissions is significant in the Guatemalan context. In addition, this proposal includes numerous elements that could have positive spillover effects within Guatemala and beyond.	This goal has been included as part of the FIP contribution given the significant advances that Guatemala has made in the conservation of important portions of natural forest in PAs under the administration of CONAP and its reforestation, restoration and natural forest management programs. These efforts are carried out within the framework of the forest incentive programs and with the support of INAB. The FIP intervention is a catalyst for these initiatives; contributions will translate into scalable pilot projects, which is a contribution towards the *National REDD+ Strategy.*
b. Consistency with FIP objectives and principles	
Both projects are fully consistent with FIP objectives and principles.	No additional comments from the Guatemalan FIP team.
c. Drivers of deforestation and forest degradation	
Both projects clearly identify the drivers of deforestation and degradation and the factors that promote effective forest restoration. Their analysis is largely correct, although it may over-estimate the highland forest degradation problem. Most of the proposed solutions have already been shown to be effective in Guatemala, except for some innovative pilot approaches being tested more or less for the first time.	Emphasis will be placed on the proper analysis of the drivers of degradation in the highland forests of the country. The comment on the possibility of promoting some innovative initiatives that will be piloted for the first time within the forestry sector is considered very valuable. One of these innovative approaches is the possibility of catalyzing efforts and resources in an integrated and coordinated manner between INAB, Conap, MARN and MAGA. Also, the possibility of involving local governments (municipal offices) and community-based organizations in the joint achievement of a common goal: Reducing the causes of deforestation and forest degradation at priority sites.

d. Inclusive processes and participation of all important stakeholders, including indigenous peoples and local communities.	
Project design has been very inclusive and took into account all important stakeholders, indigenous peoples and local communities amongst them. The draft incorporates many recommendations from the consultations. Many project activities are designed to building partnerships between government agencies, grassroots organizations, NGOs, and private companies. That being said, it is important to recognize that there are significant conflicts between communities and Conap and INAB, so it will be important to ensure there are well-functioning grievance and conflict resolution mechanisms.	Definitely, one of the main objectives of the investment plan will be to look for alternatives and strategies that allow better understanding and coordination between public sector entities and civil society, to seek alternative solutions to conflicts related to the invasions of PAs. A high percentage of the actions of the Forest Investment Plan is aimed at facilitating the participation of local governments, traditional governments, first and second-level entities (cooperatives, federations, associations) and women's organizations, with the purpose of achieving the proposed objectives. An important aspect of the investment plan will be the strengthening of INAB's Gender Equity Institutional Strategy and the Strategy on Indigenous Peoples' Assistance, among other instruments that ensure effective inclusion of indigenous peoples and local communities.
e. Demonstrating impact (potential and scale)	
There is clear potential for impact because the program would build on and further strengthen successful initiatives. The anticipated scale of impact in terms of forest area, tons of CO2, employment generated is significant for a country the size of Guatemala.	No additional comments from the Guatemalan FIP team.

f. Forest-related governance	
Forest governance is a central element of this proposal. It clearly explains how it would promote multi-stakeholder governance arrangements and partnerships. It includes analysis and activities related to forest law enforcement, although it doesn't provide much detail. The proposal is weak when it comes to tenure. The authors correctly conclude that the FIP is probably not the appropriate mechanism to address the complex issue of indigenous land titling. However, a strong case can be made for the FIP to address tenure issues in protected areas, which are central to its overall success.	More details on governance and governability will be included at the project's formulation-stage. It can be established in advance that the IP contemplates a very strong governance component with respect to forest land administered by the State (PAs); it also highlights the strengthening of governance at the level of the territories of indigenous peoples and local communities. However, issues of land tenure within protected areas are beyond their control because they constitute long-term problems related to land distribution and titling (agrarian issues). Nevertheless, it is expected to address some special cases within the areas of FIP intervention, especially in indigenous territories or in municipal or protected areas with territorial problems. In other words, some special cases will be addressed where FIP efforts will not be wasted in tenure issues in the medium and long term. It is planned, however, to channel efforts and resources to manage the allocation of the remaining areas to be awarded in the MBR MUZ, which could mean the increase of another 350,000 ha of tropical forest managed by community groups for the production of forest products (timber and non-timber).
g. Safeguarding the integrity of natural forests	
The proposal does not include activities that threaten the integrity of natural forests. It includes a number of activities that would reduce deforestation and degradation of natural forests.	No relevant comments from the Guatemalan FIP team.
h. Partnership with private sector	
The grassroots community forestry organizations such as Acofop, Asocuch, Fedecovera and Utz Che constitute the most dynamic, and possibly the largest, private forestry sector in Guatemala. The FIP proposal includes numerous activities with these and similar groups, and they were extensively consulted in the preparation. The proposal also includes activities designed to build partnerships between private forestry enterprises and communities. The Gremial Forestal (Forestry Chamber) and some specific companies were consulted during project preparation and will be involved in implementation. The component on access to finance includes support for private financial institutions.	One anticipated element that will strengthen partnership between public and private sectors, will be the inclusive financial mechanism which considers development of a guarantee fund. This mechanism is expected to allow target groups access to financial resources at national level to strengthen competitive timber value chain. This strategy has broadly been discussed by INAB and Conap as a key factor to ensure sustainable forest management of both natural and plantations forests. This strategy intends to address sustainable production, efficient transformation and competitive marketing of timber and non-timber forest products (including independent forest certification commercialization, as well as genetic tracking and research on timber products).

i. Cost effectiveness, including economic and financial viability	
Avoided deforestation and forest restoration have potentially high rates of return in Guatemala. The calculations of reductions in net forest carbon emissions the FIP would generate suggest this would be cost effective. Additional quantitative information on other benefits would be useful.	More details on employment generation, women participation, hectares reforested, eroded soils restoration, eco-systemic services and watersheds protection, among other benefits expected by FIP execution will be took into account during projects preparation, including their financial cost and viability.
j. Capacity building	
Capacity building plays a central role in both projects, including training and technical assistance to both governmental and non-governmental institutions, design of more effective and efficient policies and institutional mechanisms, and funding to address basic resource needs of Conap and INAB.	No comments from the Guatemalan FIP team.

Additional FIP Investment Criteria and financial modalities:	
k. Implementation potential	
Good implementation potential overall. INAB and Conap are functioning agencies. Guatemala's forestry sector has vibrant civil society organizations and municipal forestry offices, who would be involved. The IADB has experience developing financial mechanisms similar to the one proposed. The biggest implementation risks relate to Conap and INAB's capacity to support complex activities that are relatively new to them, such as silvo-pastoral systems, strengthening value chains, developing new products and services, and promoting gender equality, among others. Conap and INAB have mixed records developing partnerships with civil society organizations, with both very positive and negative experiences. For the FIP to succeed, they will have to learn from and build on those experiences.	A substantial share of the available resources will be aimed at strengthening the institutional capacities of Conap and INAB. The Investment Plan has been designed based on the lessons (positive and negative) these two organizations have accumulated over the last few years regarding the management of natural resources (inside and outside PAs). The establishment of collaborative partnerships with civil society organizations, the creation of productive chains (FIM) and the participation of other public entities in charge of promoting governance and governability are strategic actions that are expected to be implemented in support of the institutional and operational capacities of INAB and Conap.
l. Integrating sustainable development (co-benefits)	
Table 5 lays out the FIP's multiple institutional, social, economic, environmental aspects. These include benefits related to: territorial governance, forest law enforcement, stakeholder participation, conflict resolution, market opportunities, income diversification, access to finance, employment, gender equality, food security, biodiversity conservation, watershed protection, climate change adaptation, forest fires, forest pests and diseases, among others.	No comments from the Guatemalan FIP team.

(2) *Assessment towards the FIP results-framework*

Results	Indicator	Independent Review comments	Team response	Score
C1 Reduced pressure on forests	*a) Change in hectares (ha) deforested in project/program area*	Measurable; plausible hypotheses linking activities with indicator.		
	b) Change in hectares (ha) of forests degraded in project/program area	Probably not currently measurable; hypotheses link activities with indicators, but may be partially based on false assumptions.	Guatemalan FIP team will review main causes of forest degradation and delineate an appropriate and measurable indicator. Perhaps the most important and measurable indicator in terms of forest degradation is forest fire trend and therefore will be the most important as degrada-tion factor indicator. Guatemala is currently addressing the issue of degradation in the National REDD+ Strategy based on two approaches: a) degradation caused by forest fires; and, b) degradation resulting from the legal and illegal extraction of wood and firewood. Data on the activity are available for both approaches. In the first case, with better results and lower uncertainty, and also, supported by local data for the estimation of emission factors. Based on this, there are measurable and comparable data made up of historical data and the current and future monitoring and evaluation system.	

	c) Percentage (%) of poor people in FIP project area with access to modern sources of energy	The indicator is measurable, but the concept «modern source of energy» is unclear and inappropriate. This implies that people should consume less fuelwood to reduce pressure on forest. The proposal appropriately focuses on fuelwood supply, rather than demand.	Main IP indicators are presented in Section 9.2. Expected output (3) addresses increase and availability of firewood, as well as efficient use in rural households and finding of other energetic alternatives. Proposed indicators are related to: a) hectares of natural forest under SFM to avoid illegal practices, b) diminishing of fuel wood and timber illegal harvesting, and c) hectares for bio-energetic purposes established. The concept «modern source of energy» may be related to the collateral support that would come from NAMA´s (Nationally Appropriate Mitigation Actions) initiative, which is developed in the same geographical areas where FIP will be supporting supply of sustainable fuel wood. While FIP will be addressing fuel wood supply, NAMA´s will be addressing innovative technology for improving efficiency on fuel wood consumption.	
	d) Non-forest sector investments identified and addressed as drivers of deforestation and forest degradation	The proposal adequately identifies the principle drivers of deforestation and degradation, and explains which it will focus on and how.	Two main activities addressed in the IP will be performed in the non-forest sector: a) development of agroforestry activities and b) establishment of silvo-pastoral systems. It is established that these actions will be developed with support of and participation from the Ministry of Agriculture (MAGA). Main objective of these initiatives is to diminish pressure from agriculture/agroforestry practices to natural forests. Main agroforestry arrays will include: a) cocoa + timber or fuelwood trees, b) cardamom + forest species and c) coffee and tree species among other agroforestry systems. To a lesser extent the proposal also includes support to silvo-pastoral systems that will be implemented as pilot models to restore degraded pastures.	

C2. Sustainable management of forest and forest landscapes to address drivers of deforestation and forest degradation	*a) Preservation of natural forests integrated in land use planning processes*	The proposal includes natural forests, some of which are integrated in land use planning processes, such as the protected areas system.	Proposed investment plan includes sustainable management of natural and plantations forests, as well as landscape planning to ensure connectivity among natural corridors and conservation of key watersheds. These interventions will be developed within and outside protected areas and where possible payment of environmental services will be negotiated between community groups and private companies.	
	b) Evidence that laws and regulations in project/program areas are being implemented, monitored and enforced and that violations are detected, reported and prosecuted	Project 2 includes relevant activities related to this, with a focus on partnerships between government agencies and civil society organizations. The text should provide greater detail.	Project 2 intervention will include participation of Law Enforcement institutions such as the Public Ministry, Diprona and the Fiscalía Ambiental. More descriptive details will be provided when project 2 is developed. It is important to understand that neither Conap nor INAB have the Law Enforcement capability to address high impact environmental crimes. Therefore, strong civil society participation and other law enforcement organizations are envisioned in order to ensure early detection and prosecution of illegal practices and environmental violations.	

C3. A institutional and legal/ regulatory framework that supports sustainable management of forests and protects the rights of local communities and indigenous peoples	*a) Evidence that the legal framework (laws, regulations, guidelines) and implementation practices provided for non-discriminative land tenure rights and land use systems protect the rights of indigenous peoples and local communities (women and men)*	No activities are proposed to address land tenure. The national legal framework for land tenure does not respect indigenous rights. The proposal fails to address renewal of community forestry concessions, which is arguably the most urgent issue as far as future deforestation is concerned.	In Guatemala, land tenure issues are addressed by two organizations: a) the public registry of property (Registro General de la Propiedad) and b) the Cadastral Registry (RIC, by its initials in Spanish). Both have the institutional mandate to solve land tenure issues outside national lands. Neither Conap nor INAB have the institutional mandate to deal with land tenure issues. On the forest concession process within the Multiple Use Zone of the MBR (national lands), the contractual procedure between organized community groups and Conap depends on the technical, administrative and financial performance of organized groups. Conap has not yet defined the procedures and methodological framework by which each concession group performance will separately be evaluated. FIP intervention is intended to strengthen technical, financial and administrative performance of these community groups in preparation for upcoming contractual follow up. However, Conap has established that concessionaires must request, before the expiration of the contract, the evaluation in accordance with the regulations for the granting of concessions. In addition, and according to the discussions held, this should be approached from the point of view of strengthening Conap's capacity to create tools and methodological frameworks for due process.	
	b) Evidence that a national land use plan exists and progress is made to secure the tenure and territorial rights to land and resources of forest-dependent stakeholders, including indigenous peoples and forest communities	Guatemala has a national protected area system, with land use plans. There has been little progress with securing land rights for forest dependent stakeholders outside the Multiple Use Zone of the Mayan Biosphere Reserve.	Securing land rights outside protected areas is a very complex and challenging issue, especially in the lowlands of the Verapaces, Izabal and Petén region. Many monoculture companies such as African palm and extensive cattle ranch are gathering large areas from local peasants who are forced to sell their lands, causing a massive invasion into the protected areas. What must be clear is that Conap does address the issue of protected area management (including the Multiple Use Zone of the Mayan Biosphere Reserve and other management categories), but not the issue of securing land tenure.	

C4. Empowered local communities and indigenous peoples and protection of their rights	*a) Increase in area with clear recognized tenure of land and resources for indigenous peoples and local communities (women and men)*	FIP proposal doesn't address this.	By using the forest policy instruments (access to forest incentives granted by the Government of Guatemala), the management of natural resources by indigenous peoples and local communities have been supported.	
	b) Level and quality of community and indigenous peoples participation (women and men) in decision making and monitoring concerning land use planning, forest management, and projects and policies impacting community areas	Many proposed activities would increase community and indigenous peoples' participation in decision-making and monitoring, including the participation of women.	No relevant comments from the Guatemalan FIP team.	
	c) Improved access to effective justice/ recourse mechanisms	The proposal mentions that conflict resolution mechanisms will be created, but does not describe them.	The IP includes a specific component on strengthening the Environmental Prosecutor´s Office, which will be responsible for applying the legal framework to safeguard the natural resources of PAs, especially in the protected areas of Petén, Izabal and Sierra de las Minas. The conflict resolution strategy will be formulated at the time of designing component 1 of project 2.	
C5. Increased capacity to plan, manage and finance solutions to address direct and underlying drivers of deforestation and forest degradation		Many project activities adequately address this.	Both projects contain the appropriate and agreed components to ensure the planning, management and provision of alternative financial solutions to address direct and underlying drivers of deforestation and degradation, as well as the recovery of carbon stocks at prioritized sites.	
C6. New and additional resources for forest projects	*Leverage factor of FIP funding; financing from other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)*	The proposal explains how FIP funding will complement other donor projects. The FIP funding could greatly improve the government forestry incentives program.	Sections 8.1 and 8.2 describe the complementary financial sources (co-financing and parallel funds) to actions proposed in the Forest Investment Plan.	
C7. Integration of learning by development actors active in REDD+	*Number (#) and type of knowledge assets (e.g., publications, studies, knowledge sharing platforms, learning briefs, communities of practice, etc.) created and shared*	The proposal does not explicitly address this. More information is required.	Knowledge management is taken into account as a cross-cutting issue within Guatemala's IP proposal through extension and training in coordination with stakeholders. At the same time, a communication and dissemination strategy exists for the implementation of the Guatemala FIP.	

<u>Part III:</u> Conclusions and Recommendations

Overall assessment of the Investment Proposal

Guatemala is an excellent candidate for FIP funding. Over the last two decades, its community forestry concessions and forest incentive policies have significantly reduced net forest carbon emissions. Nonetheless, both the community concessions and the forestry incentives face major challenges. The FIP proposal would strengthen the forest incentives programs and provide some limited support to the community forestry concessions.

The main forest regions have strong municipal forestry offices, second and third tier community forestry organizations, conservation NGOs, and/or multilateral and bilateral forestry projects. The FIP proposal appropriately emphasizes building partnerships between the government forestry and protected areas agencies and these stakeholders, as well as with private forestry companies. The proposal accurately assesses key obstacles to competitive and sustainable forest management, including limited access to private finance, delays in disbursing forestry incentives, weak market intelligence, insufficient vertical integration and diversification, low productivity, and limited attention to the needs of women and indigenous communities. Concrete steps are foreseen to address each of these. Relevant problems the proposal largely ignores include: burdensome regulatory policies and practices, biases and lack of transparency in the allocation of forestry incentives, and conflicts in protected areas.

Given INAB and Conap's weaknesses and the relatively modest FIP budget, the proposal may be overly ambitious. The proposed «priority» regions include practically all the country's forest and the thematic areas covers a very wide range of topics.

Overall, the reviewer assessed a total of 47 criteria and indicators with the following scoring:

35	The criteria and/or indicator has been generally met and there is no need for any revision or larger complement at this stage.
10	The criteria and/or indicator is partially met, it is recommended to relook at some of aspects that need further clarification.
2	The criteria and/or indicator is partially met and need to be developed (or, at the current stage the criteria is not relevant).

Some recommendations that could enhance the quality of the investment plan

1. Explain what the FIP will do to contribute to renewing and expanding the community forestry concessions in the Multiple Use Zone of the Mayan Biosphere Reserve (MBR). This is the largest compact forest in Guatemala. The existing concessions end in several years and there is no clear process to renew them. If they are not renewed, the entire Multiple Use Zone would be at extreme risk of massive deforestation, similar to what has occurred in Petén's national parks. Investment Plan will be addressing strengthening current SFM activities that community groups develop in the MUZ. This includes incorporation of technological and financial support to increase forest products (timber and non-timber) value added, while gender participation and employment generation are addressed. Additionally, investment plan will provide institutional support for completing assignment of total MUZ territory to organized community groups through concession mechanisms. This may imply none less than 350,000 ha of tropical forest. To ensure this challenging goal, a close institutional work will be performed with direct support of grassroots and second level local organizations such as Acofop and local municipalities´ Natural Resources Offices. Support from key local and international NGO´s will highly be appreciated. Tangible support from Guatecarbón, an outstanding early REDD+ initiative, is expected.

2. Consider narrowing the proposal's geographic and thematic scope, concentrating on a smaller area and eliminating activities that are marginal to the program's overall success. In some cases this may mean being more specific about planned activities; in others it may require eliminating activities.
   During projects preparation a more focused geographical approach will be defined to ensure consistent overall success and impact in planned actions along selected territories. For sure this focusing exercise will include narrowing geographic and thematic IP scope with direct participation of relevant stakeholders. It is important to highlight, however, that financial mechanism will be open to a broader level, in order to ensure IP spill over a wider number of beneficiaries within the sector.

3. Ensure that the DGM becomes operational as quickly as possible and that FIP and DGM efforts are fully integrated. The second and third tier community forestry organizations are crucial for the FIP's success. This proposal would support those organizations through training, technical assistance, and studies and facilitate greater multi-stakeholder coordination, but they will also require DGM funding to strengthen their own activities.
   As soon as the IP is approved by FIP committee, DGM mechanism will be developed according to stated guidelines and methodological approach. Most indigenous peoples and community groups, who participated in national and regional consultant workshops, were informed on this issue and therefore a large participation is expected on the design of Guatemala DGM.

4. Provide quantitative estimates for as many of the expected activities, outputs, and outcomes as possible and present them in a few tables or graphs. The proposal already has some of this information, but it is incomplete and dispersed throughout the text.
   At this stage of formulation of the Forest Investment Plan, estimates of activities, outcomes and outputs are displayed generically (Sections 9.1 and 9.2). Once the IP is approved, each project will have its own set of quantitative and qualitative estimates and indicators, which will be an integral part of the monitoring plan. All this information will be properly organized and agreed with the groups of beneficiaries to ensure the fulfillment of the established goals.

5. Focus more on activities that increase fuelwood supply and less on difficult and probably un-sustainable efforts to regulate fuelwood production and marketing. Further data collection and analysis to examine forest biomass dynamics in Guatemala's highlands could provide relevant insights for these efforts.
   The IP proposal takes both approaches into account, although there is likely to be a greater level of effort in increasing the supply of fuelwood, starting with the sustainable planning of natural forests (from which almost 85% of the fuelwood consumed in the country comes from). In addition, it includes the establishment of pilot energy forests, taking advantage of ancestral knowledge about the species of each region. Obviously the sustainable planning of natural forests entails a production and transportation component, which is expected to reduce illegal trade in wood and firewood. The contribution of other parallel initiatives such as NAMA (on the efficient use of fuelwood) and the MAPS-UKSA Project (forest management and protection project) will allow to proactively strengthen the actions promoted by the FIM in a coordinated way.

6. Explain how the FIP will support REDD initiatives such as Guatecarbón and «Bosques para la Vida», in Petén, and the «Caribbean REDD project», in Izabal. The FIP proposal should have an-

alyzed these major initiatives and given clear rationale for how the FIP might relate to them. At present there is only one indirect reference to these initiatives in Annex 2.

Given the nature of the funds stipulated in the Guatemala FIP (with 87.50% of concessional credits, totaling USD20.85 million), it is expected that through the development of a financial mechanism, additional resources can be catalyzed with the participation of banks and local financial institutions to support the performance of forestry and agroforestry producers. In other words, "inclusive" financial resources will be allocated to all productive actors (community and forest industries) involved in sustainable forest-use processes (timber and non-timber) and high-value agroforestry products in international markets, and that at the same time demand a margin or financial amount that allows them to complete their portfolio through access to FIP financing in flexible and inclusive conditions.

Many of these groups are located precisely where early REDD+ initiatives are supported by the indicated projects, but they need substantial improvements in their production chains and, especially, technological innovation and renewal of equipment. In other words, FIP funds are really meant to boost productive projects, which are potential candidates for managing carbon credit payments in the near future.

7. Give more explicit attention to how the government agencies and other relevant stakeholders will learn from these efforts, including analyzing the results and documenting and sharing the lessons.
   Both projects have the responsibility of developing specific monitoring and evaluation plans towards the progress of the proposed indicators. This plan includes a component on documentation and dissemination of lessons learned under a continuous improvement plan.
8. Ensure that grievance mechanisms and conflict resolution strategies are in place shortly after the program becomes operational. These should include procedures for addressing conflicts over indigenous rights in protected areas and the allocation of forestry incentives, among others.
   The recommendation is very appropriate and will be taken into consideration as soon as the Forest Investment Plan is approved.

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Comments received through the network (INAB and Conap)			
No.	**Question**	**Comment by reviewer(s)**	**Answers by Guatemalan FIP team**
1.	Do you have any comments regarding Section 2, "Identification of GHG reduction opportunities"?	Only the conditioned goal is addressed and the unconditioned goal is not mentioned in the Guatemalan NDC.	Yes, the Investment Plan is only aimed at strengthening the actions of the National REDD+ Strategy within the conditioned goal that the country has institutionally assumed in its Nationally Determined Contribution (NDC).
2.	What do you think about Paragraph 2.1, "Specific emission reduction opportunities"?	In Table 4, Subparagraph (e), another opportunity should be added within the objectives of the FIP (2. Comprehensive valorization and sustainable management of forests, as well as increased carbon stocks), since it is not stated.	Thank you for your valuable comment. The box in Subparagraph (e) and Column 2 of Table 4 has been selected and highlighted in blue.
3.	What do you think about Paragraph 3.1, "Legal framework"?	Paragraph 42 should include the forest concession policy in the MBR.	Thank you for your valuable comment. This policy was incorporated due to its relevance in terms of sustainable forest management in the largest Central American Reserve.
4.	What do you think about Paragraph 3.2, "REDD+ Strategy"?	Paragraph 47 should also include the GIREDD+, REDD+ Implementers Group, who are implementing pilot REDD+ activities (early actions) (Guatecarbón, Lacandón, Costa Caribe, etc.). It should also be added to Figure 5.	It has been included given its importance in promoting the first early REDD+ experiences in the country and in laying the foundations for the first field analyses with the support of leading International institutions. Of course, because of the nature of the funds (concessional credits), the resources are more oriented towards strengthening the forestry production processes (timber and non-timber) of organized groups, to ensure that deforestation in the ZUM is prevented. In the case of intangible areas, strengthen governance and governability (see reply to comments 17 and 30). In other words, the strengthening of the productive activities where REDD+ pilot projects are developed is included.

5.	What do you think about Paragraph 3.3, "Some political and institutional limitations and challenges"?	As a limitation, the scant openness of the Climate Change Law could also be included to contain REDD+ projects. In other words, this law only mentions that all project funds on State land must go to a FONCC climate change fund. In this fund, 80% of the resources will be available for adaptation; therefore, a REDD+ project on national lands could not work because it would be necessary for such funds to be reinvested in the area to reduce deforestation and not build bridges or other adaptation mechanisms in other areas.	It is an extremely valuable comment. Unfortunately, the Guatemala FIP has limitations, both in time and in actions, which involve efforts to change the legal framework.
6.	Do you have any comments regarding Section 4, "Joint benefits with IP investments"?	Co-benefits (Table 5) could also include, at the institutional level, local capacity-building and strengthening grassroots organizations for the development of IP programmatic actions.	Agreed: your recommendations have been incorporated into Table 5.
7.	What do you think about Paragraph 6.1, "Background and rationale"?	In paragraph 65, in addition to mentioning that scalable productive projects will be promoted, improving governance and governability, and providing financial alternatives to mitigate expansion, support should also be given to pilot projects that already reduce deforestation (validated and verified by international bodies) (existing REDD+ projects).	Given the nature of the funds stipulated in the Guatemala FIP (87.50% of concessional credits totaling USD20.85 million), it is expected that through the development of a financial mechanism, additional resources can be catalyzed with the participation of banks and local financial institutions. In other words, "inclusive" financial resources will be allocated to all productive actors (community and forest industries) involved in sustainable forest-use processes (timber and non-timber) and agroforestry, and which, at the same time, demand a margin or financial amount that allows them to complete their portfolio through access to FIP financing under flexible and inclusive conditions.

8.	What do you think about Paragraph 6.3, "Selected projects and programs"?	Paragraph 77, Subparagraph a), "Institutional strengthening to improve forest governance and governability in administrative, legal, technical and operational areas". Whose? Again, the State's? Project 1 was dedicated in its entirety to strengthening the technical capacities of public sector forestry institutions; here it should be made clear that it is not for the State again. It should be for implementing organizations. Paragraph 80: Partnerships with local actors should be included, not only between government and local actors, but also between local actors and second-level local actors.	Please refer to answer given in comment 30. It describes the nature of FIP financial resources and the operational breakdown of both projects. Again, please note that these resources are "concessional loans" oriented to productive entities in an inclusive manner. It is recommended to carefully review Table 8.1 of Section 8 of the IP. Component 2 is aimed at strengthening the value chains of wood (forest-industry-market); Component 3, to the development of access to financing; and Component 4, to promote sustainable forest management. In other words, the distribution of the resources of Project 1 is aimed at strengthening productive processes to reduce deforestation and emissions. The USD25 million of co-financing corresponds to the funds the State has provided for forestry incentives (Pinpep and Probosque), with an annual amount of USD5 million of the average USD40 million that the State has allocated annually.
9.	What do you think about Paragraph 6.4, "Monitoring, follow-up and evaluation of proposed projects"?	It is okay. It is very important to emphasize that the actions of the investment plan will support the National REDD+ Strategy and the National Emissions Reduction Program, both of which include REDD+ pilot projects.	No relevant answer to the comment, since it is considered from the point of view of the synergies that can be created.
10.	Do you have any comments regarding Section 7, "Implementation potential with risk assessment"?	Political risks were not included, as change of government officials is common in our country; not only senior, but also middle-ranking officials, being the latter the ones who generally manage the projects.	Comment incorporated. Very appropriate.
11.	Do you have any comments regarding Paragraph 7.2.1, "Institutional risks"?	Another existing institutional risk is the lack of Conap's budget ceiling increase.	Comment incorporated into the Investment Plan document.

12.	Do you have any comments regarding Paragraph 7.2.2, "Operational or implementation risks (technological, adequate management, environmental and social)"?	In the case of the northern area, the fact that the concession contracts that run for a 25-year period are about to expire, also poses an operational risk because it could limit the performance of the concession contracts.	Thank you for the recommendation; it has been incorporated into the IP document. It is likely there will be an evaluation stage of the performance of the concessions, especially within the administrative and financial area. The Investment Plan points to productive capacities' credit strengthening.

13.	What do you think about Paragraph 8.3, "Financing for the management of both projects"?	Institutional strengthening is still very high, with almost 28 million (more than half of the total amount of Project 1, “Sustainable forest management”). Let us recall that the R-PP that is being implemented in Guatemala contemplates funds for institutional strengthening and the Government has almost been unable to execute them. Sustainable forest management and access to finance should be increased. Where does the co-financing of 38,500,000 come from? (Paragraph 8.2). Strategic partnerships with local actors for control and monitoring should be allocated more funds; most likely by deducting it from the economic valuation of goods and services, which are surely consultancies.	1. The resources set aside for Project 1 may look high, but these resources will be channeled in such a way that the institutional and social platform at the level of the State, local governments and organized groups can access the two forest incentive packages (Pinpep and Probosque), to contribute to management and conservation of carbon stocks in natural forests, and increase carbon stocks through plantations and agroforestry systems. In other words, the limited FIP resources allocated annually to Project 1 (roughly USD2 million) will serve, among other things, to ensure that the nearly USD40 million annual investment that must be executed by Probosque will actually achieve its proposed goals and objectives. 2. Of the indicative amount of USD11.88 million allocated to Project 1, USD2 million should be deducted for the creation of the financial mechanism. Therefore, and in practice, it is less than USD2 million per year that is expected to be available to enable the State's contributions to incentive programs and technical assistance required in the field, mainly at community-level groups. 3. The USD38.5 million co-financing comes from the described entities, and the USD25.0 of the Government of Guatemala comes from USD5.0 million, which can be justified from the USD40.0 million per year, during 5 years. The IDB/MIF contribution is crucial to strengthening the forest-industry-market link, including strengthening the innovative model of forest concessions.

14.	What do you think about Paragraph 9.2, "Logical Framework of Results"?	Taking into account that the main objective of the FIP project is to achieve emission reduction targets caused by deforestation and degradation in the LULUCF category and to increase carbon stocks in Guatemala with indicators: a) tons of net emissions of CO2e reduced; b) tons of net CO2e sequestered; c) hectares of plantations. We do not see an expected result that supports the reduction of emissions and that measures the reduced tons of CO2 with indicators. There are only indicators of hectares of plantations, hectares of forests under SFM and with energy plantations, area (ha) with energetic forests established in municipal and communal lands. A result should be added (or added to the indicators of Outcome 6), in which it is intended to support the emission reduction activities in REDD+ pilot projects in which they are already in place. Supporting these pilot projects should culminate in an actual emission reduction certificate (validated and verified by an international entity), which would serve as a source of verification. In conclusion, the strengthening of REDD+ pilot projects in protected areas and local communities should be added as a result. A percentage of the reductions that each project can achieve, the number of hectares under REDD management, the number of fire control activities, the number of activities carried out to maintain governance, the number of productive projects supported, the new interventions to improve quality of life, etc., are proposed as an indicator.	1. The six proposed results support and aim precisely at the fulfillment of the core objective. The inclusion of an additional result aimed at reducing levels of deforestation and degradation and increasing carbon stocks to contribute to reducing GHG emissions would be repetitive in regards to that core objective. 2. Given the nature and financial orientation of this concessional "loan" (FIP), entities that directly implement productive actions within regions or areas where early REDD+ initiatives have been developed and that have undertaken efforts to reduce emissions will be supported.

15.	Do you have any general comments regarding the document "Forest Investment Plan Guatemala"?	The objective of the project is "To contribute to achieving the goals of reducing GHG emissions caused by deforestation and degradation in the LULUCF category, and increasing carbon stocks in Guatemala." The document talks a lot about increasing carbon stocks, with a series of institutional strengthening activities, encouraging productive projects, energy plantations, reducing forest degradation because of the use of firewood, increasing productivity per unit area of new markets, etc., but speaks very little about reducing GHG emissions caused by deforestation, which is the heart of REDD+. Only the last of the results of the logical framework includes a very small number of activities to reduce deforestation through the strengthening of governance and governability. That is why more results should be added to help achieve the main objective regarding reduction of deforestation. REDD is not visible in the document, but rather only the (+) plus of REDD+. FIP funds are for REDD+ in natural forests and not just for forest plantations. Mathematically speaking, 50% should be for activities to increase carbon stocks and reduce degradation and 50% for activities to reduce deforestation.	By definition, all the activities indicated in the comment and in the IP are aimed at contributing to the reduction of emissions caused by deforestation and degradation of natural forests. Both projects have been formulated to have a proactive effect on the agents and on direct and indirect causes that create deforestation in priority areas. The resources are limited and the mandate of the Guatemala FIP is to create scalable pilots, so that the limited resources available can be optimized once the IP is approved. Project 1 focuses heavily on strengthening REDD actions, while Project 2 focuses on actions that support sustainable conservation and management of the remaining natural forests. Mathematically speaking, 50.83% (USD12.2 million) is for Project 1 (increase of carbon stocks and reduction of degradation); and 49.17% (USD11.8 million) for Project 2 (reduction of deforestation in protected areas and indigenous territories). Of these, at least USD5 million will be set aside for the creation of a financial mechanism. The limited USD3.15 million grant (of the USD24 million) will provide technical assistance from two public institutions and a number of private institutions for 5 years, which translates into USD0.7 million/year for a complex institutional mechanism at the level of central government, local governments and organized groups.

Deforestation and degradation of forests and soils is a growing concern in Guatemala, as it is a problem that has a direct impact on the well-being of present and future generations. Aware of this reality, a diversity of representatives from government institutions, social organizations and international organizations, as well as representatives from particularly relevant groups such as indigenous peoples and women, shared the experience and learning to create, in a participatory way, the present Forest Investment Plan.

The implementation of the actions included in this planning instrument is expected to address the direct and underlying causes of deforestation and degradation in priority regions of the Guatemalan territory. The strategies are based on a territorial approach at the forest landscape level, and integrate multisectoral interventions under the programmatic coordination of the National Forest Institute (INAB) and the National Council for Protected Areas (Conap), with the Ministry of Environment and Natural Resources (MARN) and technical support from the Ministry of Agriculture, Livestock and Food (MAGA). It also aims to promote the participation of the private sector, as well as various social organizations with presence in the different prioritized territories. The idea is to achieve, jointly and collaboratively, the necessary investments to address the causes of deforestation and degradation in Guatemala.

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