CLIMATE ACTION RESERVE

Guatemala Forest Protocol V1.0 Workgroup Meeting 2: Eligible Activities and Environmental Safeguards

May 12, 2023

Introductions

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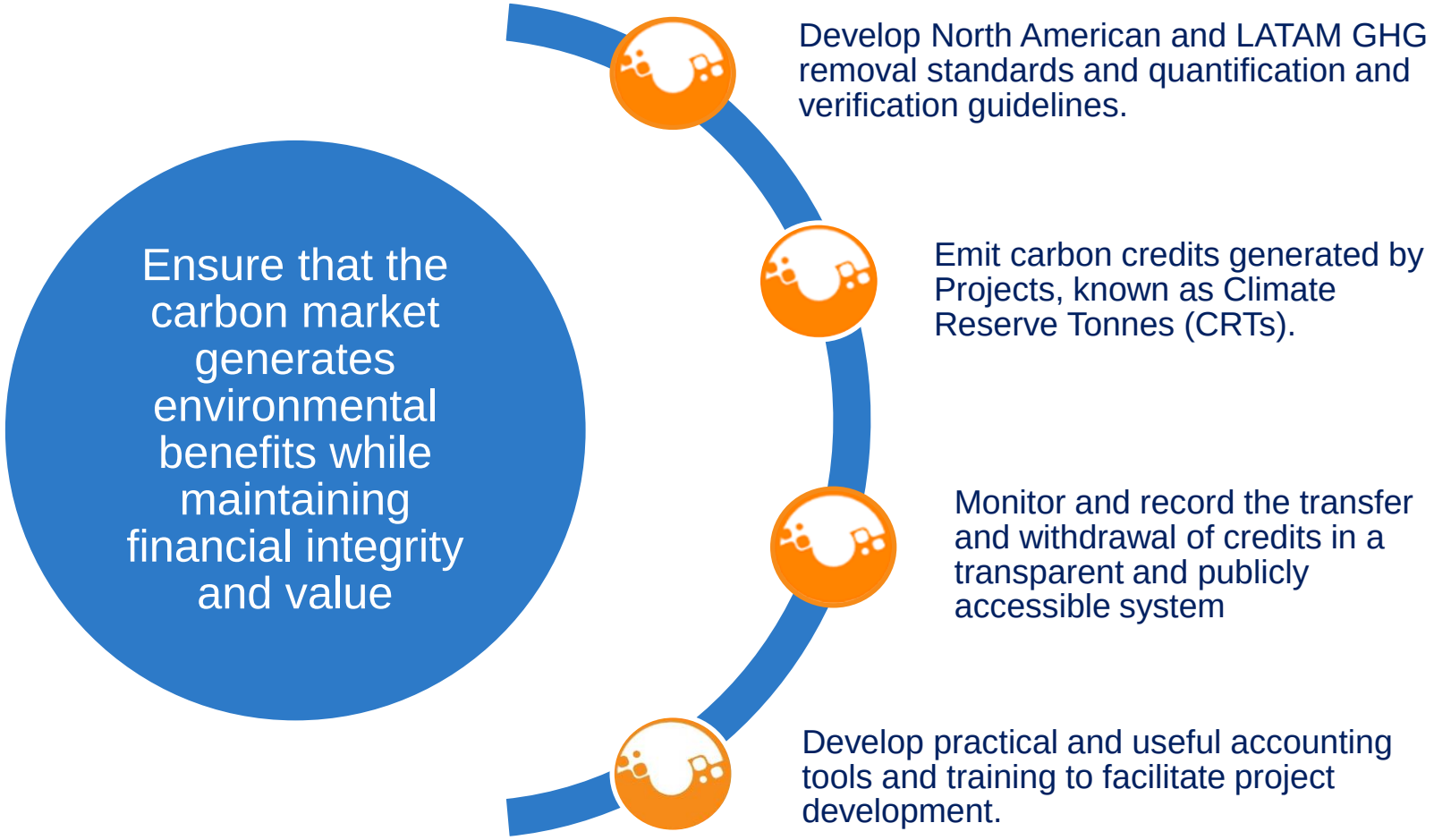
Housekeeping

- Workgroup members have the opportunity to actively participate throughout the meeting
  - Ask that you keep yourselves muted unless / until would like to speak
- We will ask and take questions throughout the session
  - Please use the raise your hand function
- All other attendees/observers are in listen-only mode
- Observers are free to submit questions in the question box
- We will follow up via email to answer any questions not addressed during the meeting
- The slides and a recording of the presentation will be posted online

Agenda

1. Presentations
2. Process Overview
3. Key Considerations for Eligibility
    1. Land Tenure Summary
    2. Eligible activities
    3. Environmental safeguards
4. Questions, comments, and next steps

The Climate Action Reserve



Development process

GUATEMALA FOREST PROTOCOL

Workgroup Members

Organization (Alphabetical)	Name
ACOFOP	Sergio Guzman
Agroproyectos S.A.	Silverio Espino
Asociación SOPLANETSH	Xiomara Villeda
BRET CONSULTORES	Teresa Tattersfield
Carbonof	Geronimo Quiñonez Barraza
Climate Impact Partners	Eddy Melendez
Cool Effect	Rafael Mendoza
EARTHLAB	Juan Pablo Caamal Sosa
Fundación Solar	Hugo Romeo Arriaza Moralesa
Independent consultant	Carlos Renaldo Bonilla Alarcón
Independent consultant	Aristides Lara
Independent Consultant	Teodoro Si Cuc
Itsmo Verde	Ivan Barrientos
Karbone, Inc.	Ariela Farchi Behar
MÉXICO2	Alejandra Blanco
Munnings Advisory Group LLC	Alicia Robinson
Swisscontact	Andrea Mazariegos
The Nature Conservancy	Sara Ortiz
Universidad Rafael Landívar	Roberto Waldemar Moya Fernández
WRI	Rene Ibarra
YAAX Carbon	Johny Romero Correa

Purpose

- To familiarize workgroup members with offset protocol development process – what we typically want in an offset protocol
- To present and solicit feedback from workgroup members on key considerations for the Guatemala Forest Protocol Version 1.0
- Provide draft protocol for reference and then revisions

Protocol Development Overview

- **GOAL**: To create a robust Guatemala Forest Protocol that provides best practices for GHG accounting to generate Climate Reserve Tonnes (CRTs)

- Ensure high quality carbon credits that guarantee the environmental and social integrity of the project.
- Align the protocol with the laws and regulations of Guatemala.
- Incentivize activities that increase carbon sequestration in the forestry sector.
- Generate co-benefits (social and environmental).
- Leverage lessons learned from the Reserve's US and Mexico Forest protocols
- Solicit and incorporate expert stakeholder feedback.

Timeline

Step	Details	Mar	Apr	May	June	July	Aug	Sep	Oct
Formation of the Working Group	Kick off meeting	29							
	Due date to submit the SOI: April 7		7						
Workgroup	Meeting I: Project Design + Land Tenure		26						
	Meeting II: Eligible Activities + Environmental Safeguards			**12**					
	Meeting III: Social Safeguards + Additionality			30?					
Draft Protocol Development									
Work Group Review									
Public Comment Period	Public Comment Period								
	Review of comments and update of the protocol								
Approval by the Board of Directors of the Reserve	October 2023								4

Workgroup Process and Expectations

CAR/Process:

- Manage the protocol development process
- Hold ~3-4 workgroup meetings
- Reserve staff identify and solicit feedback on specific protocol criteria
  - **Specific questions for WG will be highlighted in red**
- Reserve staff will share the draft protocol with WG
- Revise protocol based on feedback

WG/Expectations:

- Attend all (~3-4) workgroup sessions
- Be active participants: provide input and ask questions on protocol concepts and language
- After meetings, share additional input and expertise as needed
- Review draft protocol and provide written feedback to Reserve staff
- Be constructive, collaborative, and productive

Eligibility

PROTOCOL DEVELOPMENT CONSIDERATIONS

Land Tenure Categories in Guatemala

Potential forest owners in Guatemala:

- Private Property
- Public Property
- Communal property

- Cooperatives - Business figure Not related to property.

General Property Registry (RGP):

- Grants the "real right" (No temporal or other limitations)
- Registration document in RGP/ Natural or legal persons
- Long and costly process

Municipality:

- May grant the “possession rights" (No time or other limitations)
  - The possessory right can also be granted in court, by a notary or lawyer, by public deed not recorded in the RGP (Legal Title)
- Local registration process/ Natural or legal persons
- Faster and less expensive process

Registration of Cadastral Information

- Possession rights
- Communal Properties

Office for the Control of State Reserve Areas (OCRET)

Land disputes:

- Directorate of Attention to Conflict (DIDAC) of the Presidential Commission on Peace and Human Rights (COPADEH)
  Registry – FONTIERRAS // Municipalities also register areas in conflict

- Comments?

Considerations on usufruct

Articles 705-706 of the Civil Code - Temporary usufruct limitation?

ARTICULO 705.- (Duración del usufructo).- El usufructo puede constituirse por tiempo fijo, vitalicio, puramente o bajo condición, pero no a perpetuidad, y sobre toda especie de bienes muebles o inmuebles. *(ms129)*

Asimismo puede constituirse a favor de persona jurídicas, o de una o varias personas individuales, simultánea o sucesivamente.

En caso de disfrute sucesivo, el usufructo sólo aprovechará a las personas que existan cuando concluya el derecho del anterior usufructuario.

ARTICULO 706.- (El usufructo no puede exceder de treinta años).- Cuando en la constitución del usufructo no se fije tiempo para su duración, se entiende constituido por toda la vida del usufructuario. El usufructo que no sea vitalicio y el constituido a favor de personas jurídicas no podrá exceder de treinta años, salvo que se trate de bienes nacionales, en cuyo caso podrá ser hasta por cincuenta años.

Potential Activities

- To facilitate adaptation of the protocol, include only those activities that result in carbon increases (i.e. removals/sequestration) are considered.
- "Activities" are discrete management actions that increase carbon sequestration in forests and forest products above the baseline.
- Potential activities include:
  - Agroforestry and Silvopastoral Systems
  - Improved Forest Management
  - Reforestation
  - Restoration
  - Urban Forests

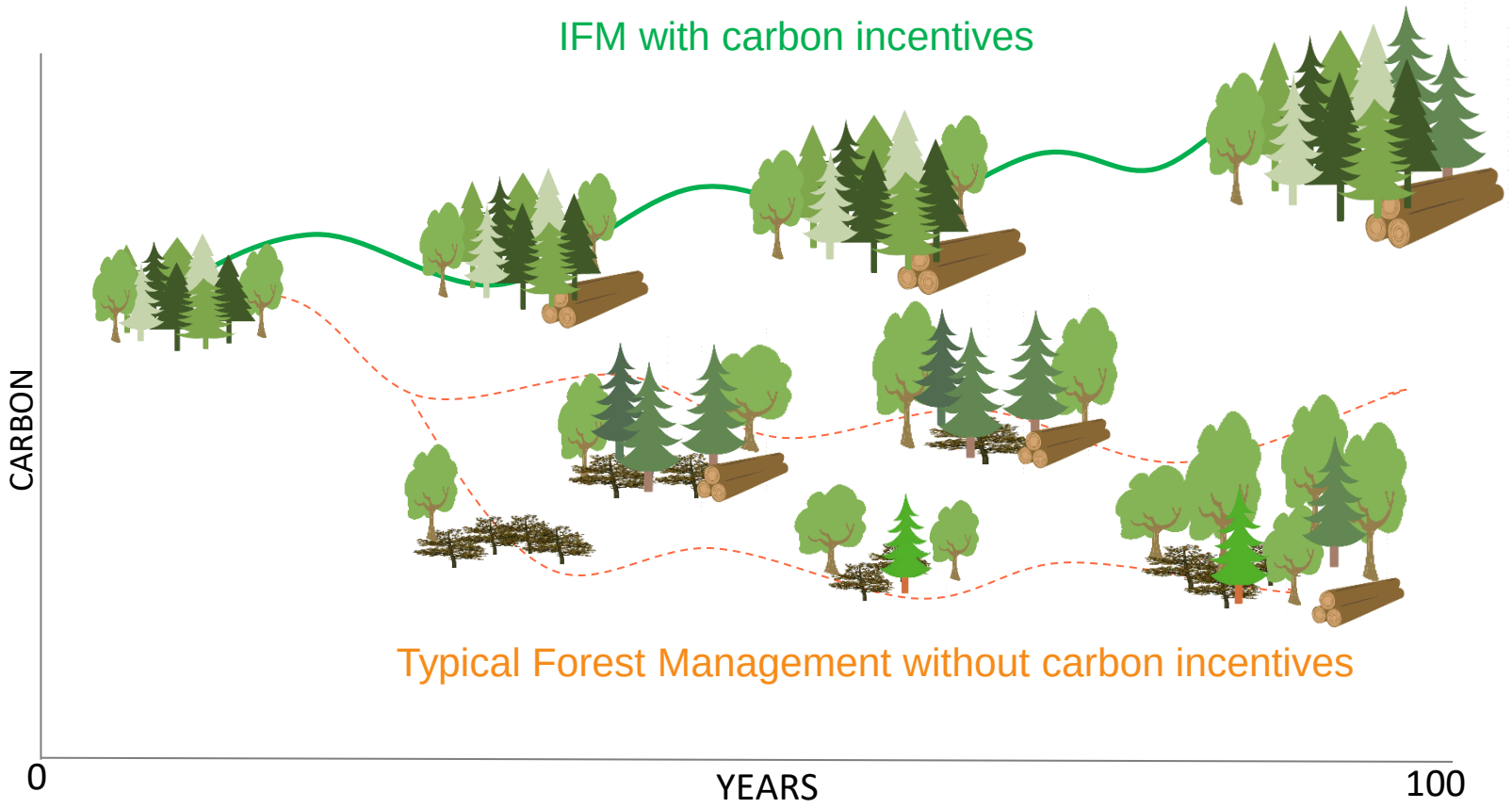
Definition of Activities: Agroforestry and Silvopastoral Systems

Activity Area	Description
Agroforestry and Silvopastoral Systems	• Agroforestry is the intentional integration of trees into non-tree crop and animal farming systems. • The main human activity is agriculture and/or livestock • Land cover is defined as agriculture or grassland • Trees are planted or natural regeneration is promoted • Trees may exist amongst, or adjacent to the cultivated crops and grazing areas, and may be harvested as allowed by law.

- Comments?

Definition of Activities: Improved Forest Management (IFM)

- Economic returns are important drivers for forest management.
- Carbon finance provides an incentive to invest in tree thinning to maintain healthy and growing trees and defer timber revenue until forests grow in maturity and productivity.



Definition of Activities

Activity Area	Description	Criteria
Improved Forest Management	A set of management actions that enhance sequestration and resiliency of sequestered carbon in forest landscapes under harvest management plans. Activities that lead to carbon enhancements in managed forests, may include, but are not limited to, the following actions: ▪ Increase the harvest rotation age towards optimum rotation age. ▪ Harvest selection while thinning to retain the best genotypes and phenotypes to improve the rate of sequestration. ▪ Control stocking to manage competition, and the related effects on forest growth and resiliency. ▪ Increase stocking in understocked areas within the managed forest. ▪ Reduction of litter and surface fuels in fire-prone ecosystems to enhance resiliency.	The primary land cover is forest, which may be present in varying densities and sizes, and the forest has a forest management plan authorized by INAB for the purposes of commercial timber harvest.

- Do the forest management plans allow for harvest of up to 100% annual growth of the forest/forest management plan in total (sum of the stands)?
- If not, how is the authorized volume determined? Can an example be provided?
- What is the temporality of the forest management plans?
- Are there annual reports on harvested wood volume?

- Other comments?

Definition of Activities

Activity Area	Description	Criteria
Reforestation	Direct planting of native tree seedlings or site preparation activities that result in forest regeneration of native species, resulting in enhanced carbon sequestration.	• Can occur on landscapes that have been out of forest cover for the past 10 years • OR have recently been impacted by a natural disturbance that has reduced the canopy cover to less than 50%. • Can occur within protected areas.

- Comments?

Definition of Activities

Activity Area	Description	Criteria
Restoration	• Restoration is a set of actions applied to increase carbon stocks and canopy cover on degraded natural forests. • Actions may be direct and include tree planting, authorized thinning for disease and infestation, or other silviculture action to increase forest cover. • Actions may also be indirect and focused on reducing ongoing actions that led to degraded forest conditions, thereby enabling natural forest succession to enhance carbon stocks.	• Restoration is an eligible activity in any natural forest, including protected areas, that does not have an authorized Forest Management Plan for commercial timber harvest and/or where commercial harvesting is prohibited due to a law, regulation, or norm. • Actions implemented may not contradict any regulation or management plan governing the Activity Area. • Must pass Performance Standard Test to demonstrate risks of deforestation/degradation

- Comments?

Definition of Activities

Activity Area	Description	Criteria
Small Urban Forests	• The direct planting and management for increased forest cover within urban areas.	• Can only occur on lands zoned as urban. • Include urban areas less than 10 contiguous hectares with a minimum 10% canopy cover and can include the planting of street trees.
Large Urban Forests		• Can only occur on lands zoned as urban. • Occur on urban landscapes that are at least 10 contiguous hectares with a minimum of 10% canopy cover.

- What is the appropriate government agency or data source for defining urban areas?
- Other comments?

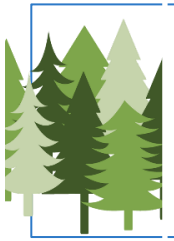
Environmental Safeguards

In order to ensure that all projects have environmental benefits beyond carbon and support the ecosystem services provided by natural forests, projects must:

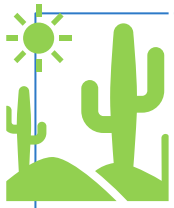
Maintain or increase carbon stocks

Use of native species

Sustainable harvesting practices



No decreasing forest cover in the Project Area



Maintain natural soil cover

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES1 Maintenance of forest carbon stocks	All	Activity Areas must maintain or increase standing live and dead carbon stocks over the project life, as determined by a running 10-year average of carbon stocks within the Activity Areas. Exceptions may be granted for cases of natural disturbances or silviculture activities aimed at reducing an imminent risk of disease or pest infestation.
ES6 Maintenance of natural land cover	Reforestation	Forest Projects should take into consideration the effects of project activities on ecological processes; where project activities result in the conversion of natural land cover, the Forest Owner must provide justification to be approved by the Reserve.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance

ES2 Native Species	IFM, Restoration, Reforestation	• Demonstrate progress towards achieving 95% native species within the AAs, as measured by average trees/ha.
		• The use of native species outside of their historic range is permitted if the use is intended as an adaptation strategy against climate change. In such cases, a letter stating the use of the particular species is required from the appropriate INAB office.
		  • For IFM and Restoration: must be met within 50 years.
		  • For Reforestation: must be met immediately following the establishment of a new forest stand.

	Large Urban Forestry	• May not reduce the percent of native species throughout the project life.
	Agroforestry and Silvopastoral	• For Agroforestry and Silvopastoral AAs in excess of 30% tree canopy cover, the tree composition must comply with 80% native species as measured by trees/ha and determined on any 5 ha within the AA. • Agroforestry AA's must meet this requirement at the AA's start date.

- Is MARN or INAB the appropriate agency to issue a letter allowing the use of a non-native species for climate change adaptation purposes?
- Other comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance

ES3 Composition of Native Species	IFM, Restoration, Reforestation	• Must demonstrate progress towards meeting the composition of native species.
		  • For IFM and Restoration: must be met within 50 years.
		  • For Reforestation: must be met immediately following the establishment of a new forest stand.
		• Exceptions to the composition of native species are accepted through a letter signed by the appropriate INAB office that ecological rationale justifies an alternative composition of native species.

	Large Urban Forestry	• If a single species comprises more than the proportion indicated, the proportion of the dominant species may not be intentionally increased throughout the project life.
	Agroforestry and Silvopastoral	• For Agroforestry and Silvopastoral Activity Areas in excess of 30% tree canopy cover, as determined on any 5 ha within the Activity Area, the composition of native species shall meet the requirements within 25 years of the start date.

- Is MARN or INAB the appropriate agency to issue a letter allowing the use of a non-native species for climate change adaptation purposes?
- Other comments?

Composition of Native Species

Project Activity Areas*	Native Species Composition Requirements (Trees per Hectare)
Up to 10 hectares	Up to 100% can be in one species.
>10 to ≤50 hectares	Up to 90% can be in one species.
>50 to ≤100 hectares	No more than 80% can be in one species. The balance must be made up of at least two other species.
>100 to ≤1,000 hectares	No more than 70% can be in one species. The balance must be made up of at least two other species.
Greater than 1,000 hectares	No more than 60% can be in one species. The balance must be made up of at least three other species.

*The area is determined by the sum of hectares in each Activity Area.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES4 Maintenance or increase of tree canopy cover throughout the Project Area	IFM, Restoration, Reforestation, Agroforestry, Silvopastoral	• Tree canopy cover throughout the PA must not decrease as a result of human activities over the project life relative to the start date. • If a decline in tree canopy cover in excess of 5% is detected, as measured through remote sensing, the project must rectify the tree canopy cover loss through reforestation in the subsequent 6 RPs. • Declines in tree canopy cover resulting from wildfire or other natural disturbances that are not the result of gross negligence are exempt. • Forest Owners that are able to provide evidence that tree canopy cover declines in excess of 5% (by area) are planned and approved activities sanctioned by municipal, state, or federal agencies are also exempt from this requirement.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES5 Sustainable harvesting practices	IFM	• Where harvest occurs within the AAs in a contiguous area larger than 5 hectares, a tree, or group of trees, representative of the age cohort that was harvested, can be no further than 100 meters from other trees, either within the harvest area or outside of the harvest area in order to provide refugia for plants and animals. • Should these retained trees fall due to wind events, the fallen trees may be harvested. Retained trees may not be felled intentionally until the regenerated stand reaches 10-years of age. • Exceptions, related to safety, ecological, or other rationale, to this requirement may be granted if the request is made to the Reserve in writing prior to the exception occurring.

- Comments?

Environmental Safeguards

Environmental Safeguard	Applicable Activities	Guidance
ES7 Soil disturbance during site preparation for tree planting	All	• Site preparation using deep ripping is prohibited from affecting more than 1% of an AA in any year as determined by the area encompassed by the channels produced by a single ripper. • Such channels are defined by the width of the ripper tine used, plus 0.5 meter on each side. • In cases where deep ripping does exceed 1% of an AA in a given year, crediting for any increases in forest carbon stocks will be suspended for the number of RPs equivalent to the proportion of the AA affected, rounded up to the nearest percentage point. • For example, if deep ripping on a 100-hectare AA is performed over a combined channel length of 22,000 meters using a ripper with a tine width of 0.1 meter, resulting in 2.4% of the AA being affected, crediting would be suspended for the AA for three RPs , including the RP during which deep ripping occurred.

- Comments?

SUMMARY AND NEXT STEPS

Timeline of protocol development

Next steps

- ***For Interested Stakeholders:***
  - Still can submit Local Engagement Form
  - Email interest to sign up for updates as an observer
  - Email us feedback anytime
- ***For Reserve:***
  - Compile summary notes on discussion
  - Post recording, notes, and presentation to the webpage
  - Start drafting protocol with workgroup considerations
  - Prepare for the next workgroup meeting: May 30th
- ***For Workgroup:***
  - Email feedback on today's discussion by May 24th
  - Look out for invitation for the next WG meeting: May 30th

QUESTIONS OR COMMENTS?

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