

The ERP Benefits-Sharing Plan (BSP) is the mechanism developed to ensure an organized and equitable distribution of the payments earned from the reduction of emissions caused by deforestation and forest degradation during implementation of the ERP.

BSP OBJECTIVES

- The BSP seeks to recognize the achievements of ERP protagonists (beneficiaries) in reducing greenhouse gas emissions due to deforestation and forest degradation and motivate them to continue contributing to restoring the forest cover.
- The BSP will serve to strengthen the sustainability of the ERP and to improve the protagonists' technical and administrative capacities for the purpose of reducing deforestation and forest degradation.

BENEFICIARIES

- Communities living in indigenous and afrodescendant territories in RACCS, RACCN and the Upper Wangki and Bocay (AWB) special development zone.
- Owners of private properties outside indigenous and afrodescendant territories.
- Institutions: MARENA/SINAP, GRACCN, GRACCS, as well as Indigenous Territorial Governments (ITGs) and the AWB special development zone.

ACTIVITIES THAT CONTRIBUTE TO REDUCING DEFORESTATION AND FOREST DEGRADATION WHILE GENERATING EARNINGS FROM FORESTS

INDIGENOUS TERRITORIES	PRIVATE PRODUCERS
Avoided deforestation and forest degradation I Forest conservation and protection	Avoided deforestation and forest degradation Ø Forest conservation and protection
Strengthening community participation structures that carry out territorial management activities	☑ Forest fire prevention measures
${\ensuremath{\boxtimes}}$ Community forest management for commercial purposes	Increase and improvement of forest cover Management of natural regeneration
Increase and improvement of forest cover Management of natural regeneration	☑ Agroforestry systems
☑ Management of natural regeneration	☑ Silvopastoral systems
Enrichment of forest cover	✓ Forest fire prevention measures
☑ Agroforestry systems	
☑ Silvopastoral systems	

CRITERIA AND REQUIREMENTS FOR RECEIVING BENEFITS

INDIGENOUS AND AFRODE-SCENDANT TERRITORIES

- ☑ Be an indigenous and afrodescendant territory located on the Caribbean Coast or the AWB special development zone.
- ☑ Participate in the ERP (have a signed agreement).
- ☑ Undertake activities that contribute to reducing deforestation and forest degradation, while generating earnings from forests.
- ✓ Have a Territorial Development Plan (TDP) for the years 2020-2024, including an Annual Plan of Operations (APO).

PRIVATE PRODUCERS

- ☑ Be the owner of woodlands inside the Programme accounting (must prove he/she has a registered land title deed).
- ☑ Participate in the ERP (have a signed agreement with MARENA).
- ☑ The farm must have agroforestry potential (coffee, cocoa), silvopastoral systems and forest areas.
- ☑ Undertake activities that contribute to reducing deforestation and forest degradation, while generating earnings from forests.
- ☑ Have a Territorial Development Plan (TDP) for the years 2020-2024, including an APO.

INSTITUTIONS

- ✓ Regional autonomous governments and AWB special development zone.
- ☑ Prepare a Plan of Operations in order to provide technical assistance to ITGs and producers.

MARENA/SINAP

✓ Prepare an Annual Plan for the protection of the BOSAWAS Biosphere Reserve and the Indio-Maíz Biological Reserve.

TIMETABLE OF PAYMENTS FOR EMISSIONS REDUCTIONS

Benefits will be distributed at three points in time.

- FIRST: to cover year one (January 01 2020 31 December 2020)
- SECOND: to cover years two and three (01 January 2021 31 December 2022)
- THIRD: to cover years four and five (01 January 2023 31 December 2024)

IN ORDER TO RECEIVE PAYMENTS, Nicaragua must report emissions reductions at the end of each of the three periods. This report will be verified by the Carbon Fund technical team. Once the emissions reductions claimed are verified, payment will be made.

Payments should be used as a contribution to the sustainability of **ER PROGRAMME** achievements, in that:

FIFTY PERCENT (50%) OF BENEFITS are to be invested in activities that contribute to reducing deforestation and forest degradation, while generating earnings from forests.

Payments must contribute to community development and improving family living conditions, in that:

The remaining 50% OF THE BENEFITS RECEIVED can be used to improve aspects related to improving conditions in communities and families, for instance by building improved stoves, water storage tanks and biodigestors.



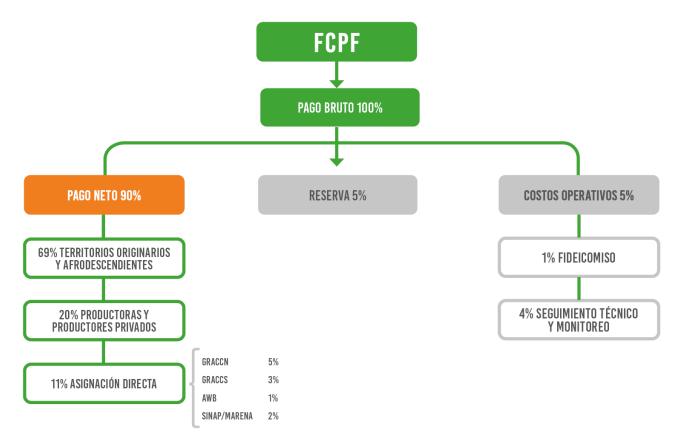
PERFORMANCE RESERVE

The performance reserve is a mechanism by means of which five per cent (5%) of the gross **ER** payment is set apart and used to compensate beneficiaries who did in fact reduce deforestation effectively in their area or farms, even if overall Program performance yielded lower results than anticipated.

Low yields may occur due to:

- Force majeure: hurricanes, forest fires, floods, earthquakes and pests, among others.
- Poor performance as regards the implementation of the different APOs intended to generate ER (APO-ER).

FLOW OF RESULTS-BASED BENEFITS ALLOCATION



SOCIAL ASPECTS AND SAFEGUARDS

Safeguards are measures that will contribute to prevent and mitigate negative impacts, both direct and indirect on ecosystems and the communities that live in them. They help to identify, analyse and manage risks, while improving benefits and making positive impacts possible.

The BSP is adjusted to compliance with the ER Programme ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN.

- Distribution for sustainability (Development Plans and Farm Plans)
- Stakeholder participatory scheme
- Communicative, Transparent
- Feedback and Grievance Redress Mechanism

The **FEEDBACK AND GRIEVANCE REDRESS MECHANISM (FGRM)** was created for the purpose of satisfying the demand for information, questions, suggestions or grievances that may arise among stakeholders in the course of implementing the ERP, and as regards the Benefit-Sharing Plan in particular. The FGRM establishes several channels for the reception of feedback concerning information, questions, suggestions or grievances regarding the development and implementation of the **ER Programme.** Access to FGRM can be obtained through the ENDE-REDD+ web page:

www.marena.gob.ni/Enderedd/mecanismo-de-retroalimentación-y-atencion-de-queja/



INSTITUTIONAL ARRANGEMENTS

- MARENA is charged with providing technical follow-up to the ER Programme.
- By signing an agreement, Programme protagonists transfer to MARENA the ownership of any emissions reductions.
- As the entity governing public finances, the Ministry of Finance and Public Credit (MHCP) will be the recipient of the funds transferred. It will thereupon make a financial transfer to the commercial bank selected to administrate the Trust Fund.
- For purposes of benefits-sharing a Trust Fund will be created that will make the ER payments to beneficiaries, ensuring distribution even in the municipal seats where there are no banks.
- An Interinstitutional Technical Committee will be set up whose duty shall be to review and approve the requirements put forth and send instructions to the Trust Fund's financial institution, whereupon payment of the benefits accrued will take places.