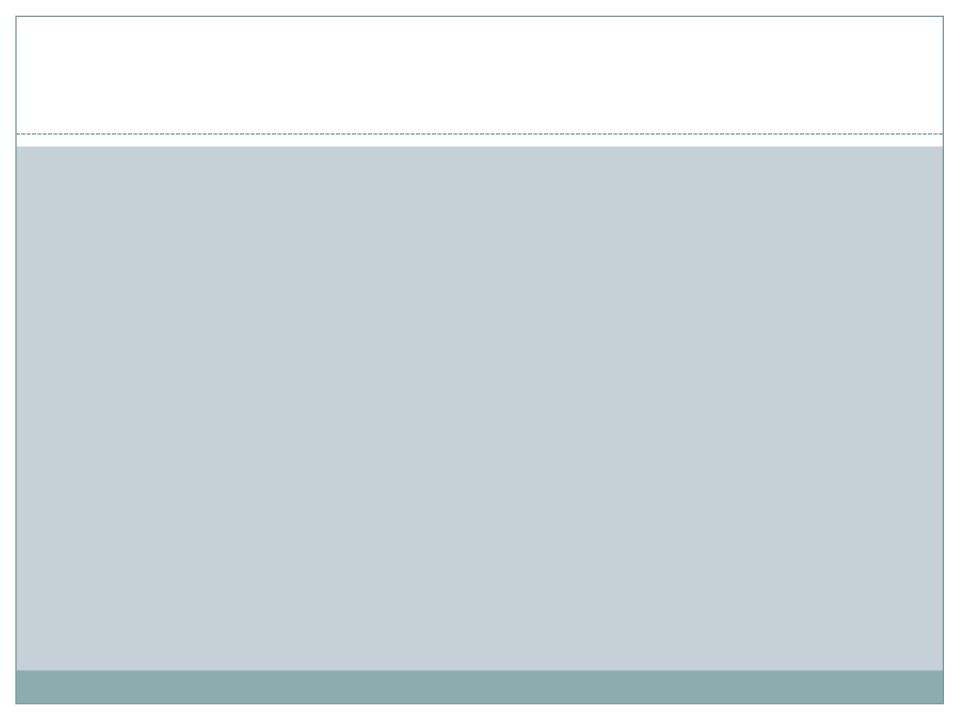


#### Contents

- Legal and institutional framework
- Property Rights
- Contracts Characteristics
- Securities and Risk Allocation
- Negotiation Process
- Monitoring Non-Compliance and Enforcement
- Public Participation





# Property Rights

#### Forestry use regulation:

Natural Forest is owned by the Nation and g0.9692.87th 0 g20ion

### Contracts for Carbon PES transactions

- Parties:
- Seller vs. intermediary (San Nicolas Procuenca) Intermediary vs. buyer (San Nicolas) Seller vs buyer (CIPAV)
- Legal standing: private legislation
- Purpose: Mainly referred to activities: reforestation, forest conservation etc. Indirect mention of environmental services.
- Obligations: Activities in a management plan, reporting and monitoring.

### Contracts for Carbon PES Transactions

- Time and duration: Defined long term duration: 10
  20 years (except CIPAV 5 years).
- Payments:
- Fiscal implications of selling ES: VAT and Revenue Tax. For private entity could have fiscal benefits (deducted from revenue tax), for seller could be subject to upfront contribution. If seller is considered high income, shall include VAT tax.





## Public Participation

- Community consultation is required if project is undertaken in collective lands. Legislation establishes procedures.
- Negotiation process often involves public participation and information disclosure.
- Project proponents have a local institution which is accountable for project development.

