***Lessons Learned for REDD+ from PES and Conservation Incentive Programs. A South-South Initiative from Costa Rica, Mexico, and Ecuador*.**

Opening Remarks by World Bank Environment Director, Mary Barton-Dock

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- Deforestation and forest degradation account for an estimated 12-17% of total greenhouse gas emissions.
- Reducing deforestation and forest degradation is one of the most cost-effective ways to reduce greenhouse gas emissions, and also holds out the promise of generating significant co-benefits in terms of biodiversity and sustainable development (though of course there are also potential pitfalls that we must be careful to avoid)
- The World Bank is committed to helping countries develop REDD+ strategies and providing them with financial resources to do so, both through partnerships and its own lending and advisory services.
- The Forest Carbon Partnership Facility (FCPF), which became operational in June 2008, is a global partnership dedicated to REDD+, by assisting tropical and subtropical forest countries develop the systems and policies for REDD+ and provides them with performance-based payments for emission reductions. Costa Rica and Mexico both participate in the FCPF.
- The Forest Investment Program (FIP) is another global partnership, which provides investment financing for transformational changes in the forestry and other sectors of the economy, which result in reducing emissions from deforestation and forest degradation. Mexico is a member of the FIP.
- The World Bank also administers the Program on Forests (PROFOR), a multi-donor partnership that generates and shares innovative knowledge about sustainable forest management. It is thanks to a grant from PROFOR that this event and this work are taking place.
- Ideally the Bank tries to blend the various instruments. For example, the package of assistance to Mexico consists of grants from the FCPF, FIP and PROFOR, combined with a sector investment loan from IBRD.
- As part of their REDD+ strategies, countries need to design equitable benefit sharing systems.
- Payments for Environmental Services (PES) is an approach in which forest owners are paid to conserve forests, which make them an attractive tool for REDD+ as well. PES are attractive in that they create incentives to preserve forests by using compensation rather than instruments such as legal force, so they also ensure that forest owners benefit.
- However, PES are no magic wand; like all instruments, they needs to be designed carefully to work effectively.
- Fortunately, we have considerable experience to draw on, and the three countries that have convened this event have generated the bulk of this experience.
- Costa Rica has implemented a nationwide PES program since 1997; Mexico since 2004; Ecuador since 2008.

- Between them, these programs are currently helping to conserve over 3 million ha of forests.
- Their pioneering work in this area provides useful experiences to countries considering using PES as one of the instruments in a REDD+ strategy.
- Their experience shows how to make PES work, but also -- and perhaps as important -- some problems to avoid.
- The role of indigenous peoples is a key issue in REDD+. In that regard, it is worth pointing out that Costa Rica's PES program has developed a strong relationship with indigenous communities, and adapted the program's rules to work better in their specific context. At present, Costa Rica's indigenous communities receive more revenue from PES than from all other government support programs combined. Even so, Costa Rica is adjusting the PES system to reflect the interests of indigenous peoples. Mexico can also share it useful experience with PES and indigenous communities.
- The World Bank is proud to have supported both Costa Rica's and Mexico's programs almost since their inception.
- It has helped (and is helping) these countries extend and strengthen their PES programs, to inform the design of future REDD+ strategies, and improve the participation of poor landholders and indigenous peoples.
- We congratulate Costa Rica, Mexico, and Ecuador on taking the initiative of sharing the lessons of their experience with other countries, and are happy to have been able to support this important effort.

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