



Ministry of Environment and Energy National Forest Financing Fund

Payment for Environmental Services and REDD+: Upscaling benefit- sharing mechanisms for ecosystems conservation

Ricardo Ulate Ch.
Policy Advisor
Rulate@conservation.org



General Information



- **Total Area**
51,100 km²
- **Population**
4.800.000 h.
- **70% of national lands**
suitable for forest
- **Near 20% of total land**
show conflicts of land
use

- **26 % of the national lands under protection (National Parks, Wildlife Refuges, Biological Reserves), 7% Indigenous Peoples Territories and 17% under protection by ESP**

Environmental Services: Legal framework

Forests, forest plantations and other ecosystems offer essential services to the citizens and to the performance of economic activities, at the local, national and global levels. (Forestry Law 7575, 1996).

- **Protection of water resources for different uses**
- **Mitigation of greenhouse gases and carbon fixation**
 - **Protection of biodiversity**
 - **Landscape/scenic beauty**

General Information

- Forest plantations and industrial related activities are privately managed .
- No forest concessions in public lands allowed
- The state-owned forest are under protected management categories such as National Parks, Forestry Reserves, Biological Reserves, Wildlife Refuges.
- No extractive human activities are allowed in the National Parks and biological reserves
- No land-use change allowed in forested lands

FONAFIFO

The National Forestry Financing Fund (FONAFIFO) manages the Environmental Services Payment Program and is the REDD+ National Focal Point and Implementing Agency.

- Created in 1991 and further legally consolidated in article 46 of the Forestry Law 7575. (1996)
- Essential component of the National Forestry Administration under the political guidance of the Ministry of Environment and Energy.
- Executive Board includes 2 representatives from the stakeholders (out of 5)

“...to finance, for the benefit of small and medium size producers, through credit and other mechanisms for promoting the management of forests (...) as well as the processes of forestation, reforestation, nurseries, agro-forestry systems, recovery of lands and technological changes in the industrial forest sector.”

Environmental Services recognized by current Forestry Law suitable for PES

1. Mitigation of greenhouse effect gases
2. Water protection for urban, rural and hydro-electric use.
3. Protection of biodiversity for conservation and sustainable use for scientific and pharmaceutical purposes, genetic improvement, ecosystems and life types protection.
4. Natural landscape for tourism and scientific purposes.

Key enabling conditions

- Consolidated Legal framework: National Constitution Law, UN Conventions, Forestry and other environmental laws.
- Strong Institutional capacity: Administrative, technical and monitoring.
- Predictable Financial sources
- Political and civil ownership: Government and Society
- Transparency and accountability: Subject to National overseeing, monitoring and accountability mechanisms

Funding sources (Partners)

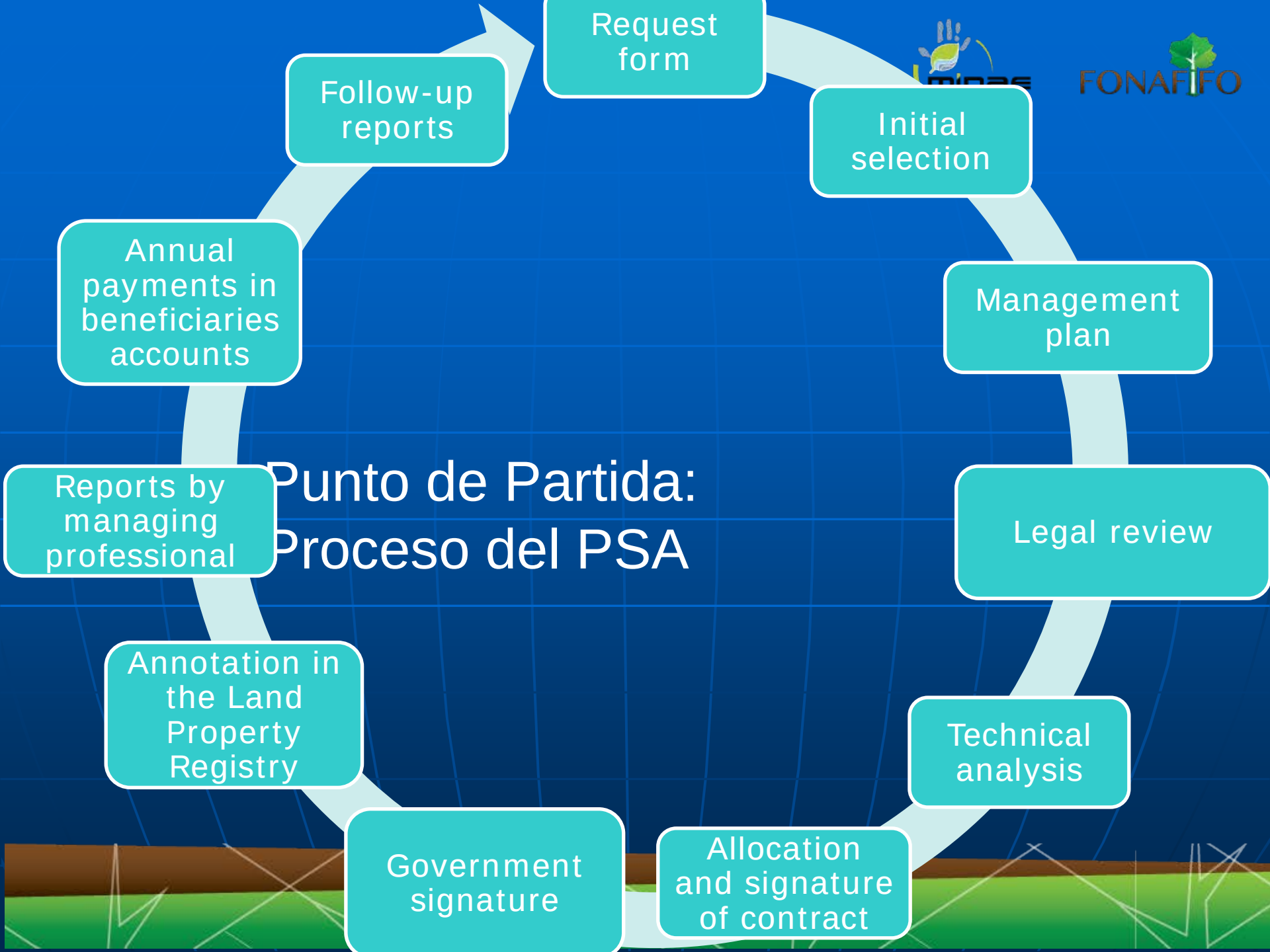
- Tax on fossil fuels
- Water use fees
- World Bank Loans (“Ecomarkets” Project I and II) plus GEF- FONAFIFO grants)
- KfW Grants
- Certificate of Environmental Services
- Carbon credits (Norway, The Netherlands)
- Debt for Nature Swaps (Canada, US, Spain)

Evolution of ESP Program

- Evaluation in 2002 resulted in the following changes:
 - Inclusion of agro-forestry activities (forestry component)
 - FONAFIFO assumed the full responsibility for the operation of the system (previously shared with SINAC)
 - Softening of legal requirements to qualify to receive benefits (possessors, no land title)
 - Flexibility: used for different purposes, activities, modalities, sources of funding and partners
 - Socioeconomic criteria was included to promote poverty alleviation (poorer counties as priority areas)

Activities / conservation criteria

- ***Forests conservation:*** biodiversity conservation gaps, biological corridors strategy, private lands in conservation areas, private reserves and wildlife refuges, water resources protection areas
- **Reforestation:** Native and endangered species, commercial plantations)
- **Agroforestry systems:** Natural / induced restoration in cattle-ranching and other agricultural lands, coffee, pineapple, tree planting, fences, etc.
- **Forest Management:** Private lands only
 - Different amounts allocated depending on specific activities and project area
 - 2 Ha min 300 Ha max (1.000 Ha in Indigenous Territories)



Punto de Partida: Proceso del PSA

Request
form

Initial
selection

Management
plan

Legal review

Technical
analysis

Allocation
and signature
of contract

Government
signature

Annotation in
the Land
Property
Registry

Reports by
managing
professional

Annual
payments in
beneficiaries
accounts

Follow-up
reports

Priorities for Forest Protection

Valuing Matrix



N° de criterio	PRIORIDADES MODALIDAD PROTECCIÓN	Puntos para priorizar
1	- Bosques en fincas ubicadas en áreas definidas dentro de Vacíos de conservación. - Bosques dentro de los Territorios Indígenas del país.	85
2 ¹	- Bosques en fincas ubicados dentro de Corredores Biológicos oficialmente establecidos. - Bosques que protegen el recurso Hídrico (con nota de ASADA, A y A, municipios, FONAFIFO o del MINAET, donde se ponga de manifiesto la importancia de proteger el bosque.	80
3	Bosques en fincas ubicadas dentro de las Áreas Silvestres Protegidas y que aun no han sido compradas o expropiadas por el Estado	75
4	Bosques fuera de cualquiera de las prioridades anteriores	55
I	Bosques para protección que cumplan con lo establecido en los puntos anteriores, donde se hayan suscrito contratos de pago de servicios ambientales en años anteriores, siempre que cumplan con los demás requisitos establecidos en el Manual de Procedimientos para el Pago de Servicios Ambientales y concluya su periodo de vigencia en el mismo año en que se presente la nueva presolicitud. La vigencia de los nuevos contratos iniciara al día siguiente de la fecha de vencimiento del contrato anterior.	10 puntos adicionales
II	Bosques en fincas ubicadas en los distritos con Índice Desarrollo Social (IDS) menor a 40 % según la determinación realizada por MIDEPLAN (2007)	10 puntos adicionales

- Different values are assigned to different criteria.
- Best qualified and legally verified requests are selected
- Number of projects accepted depends on available budget
- 60-70% GAP (Demand/supply)

Annual distribution

+800.000 Has in 2013 (16-17% national)

\$ Up to \$30 million/year

Corte al 22 de abril 2014

Año	Modalidades de PSA (Hectáreas / Árboles)							Número de Contratos
	Protección de Bosque	Manejo de Bosque	Reforestación	Plantaciones Establecidas	Regeneración Natural	Total Hectáreas	Sistemas Agroforestales	
1997	88.830,00	9.325,00	4.629,00	-	-	102.784,00	-	1.200,00
1998	47.804,00	7.620,00	4.173,00	319,00	-	59.916,00	-	597,00
1999	55.776,00	5.125,00	3.156,00	724,00	-	64.781,00	-	622,00
2000	26.583,00	-	2.457,00	-	-	29.040,00	-	271,00
2001	20.629,00	3.997,00	3.281,00	-	-	27.907,00	-	287,00
2002	21.819,00	1.999,00	1.086,00	-	-	24.904,00	-	279,00
2003	65.405,00	-	3.155,00	205,00	-	68.765,00	97.381,00	672,00
2004	71.081,00	-	1.557,00	-	-	72.638,00	412.558,00	760,00
2005	53.493,00	-	3.602,00	-	-	57.095,00	513.684,00	755,00
2006*	19.972,00	-	4.586,70	-	279,30	24.838,00	380.398,00	619,00
2007*	60.567,50	-	5.070,90	-	755,10	65.638,40	541.531,00	1.180,00
2008	66.474,00	-	4.083,30	-	1.660,00	72.217,30	656.295,00	1.103,00
2009	52.017,70	-	4.017,50	-	1.500,20	57.535,40	370.187,00	796,00
2010	59.644,50	309,70	4.185,40	-	1.274,60	65.414,20	536.839,00	1.111,00
2011	65.967,30	478,60	4.116,40	-	2.309,80	72.872,10	598.683,00	1.130,00
2012	62.276,00	198,50	4.252,20	-	1.204,50	67.929,20	589.579,00	1.146,00
2013**	59.816,70	139,00	3.106,90	-	3.795,50	66.858,10	733.869,00	1.218,00
Total	898.155,70	29.189,80	60.515,30	1.248,00	12.779,00	1.001.132,70	5.411.004,00	13.746,00

Fuente: Departamento de Gestión de Servicios Ambientales, Informes WEB-SIAP

*: Se separó Reforestación y Regeneración Natural

**: Este dato puede variar según actualizaciones posteriores, se tienen 44,3 ha formalizadas en contratos con ICAFE

Impact of the program

- Reduce deforestation (illegal logging mechanism)
- Increase contribution to poverty reduction and sustainable development objectives
- Promote Rural Development
- Enhanced forestry related economy
- Eco-tourism development (community level)
- Promote non traditional production and exports
- Improved forest cover, reduced land degradation and enhanced water conservation areas
- Contribute to the improvement of the national, regional and global environment

Achievements

A successful case for recovering forest cover

Cobertura Boscosa Densa (80-100% de cobertura del suelo) en Costa Rica en los años 1940, 1950, 1961, 1977, 1983, 1987, 1996/1997



Fuente: FONAFIFO



Year 2014

53% Forest Cover



REDD+ Opportunities for PES

- REDD+ builds on enhancing PES, all activities
- Amplify outreach of the program
- Satisfy current and future demand
- Include other non traditional beneficiaries (communities, organizations, public entities)
- Enhance co-benefits and synergies: mitigation/adaptation, policy sectors, international conventions
- Enhanced MRV system
- Contribute to poverty reduction goals

Elements to upscale the [benefit sharing mechanism]

- Strengthening the illegal logging and wildfires control strategies
- Incentives for local governments (no tax recovery if protected areas)
- Co-management plans when overlap Pas and IT
- Strengthen the Environmental Benefits Program for Agricultural lands (REDD+NAMAs).
- Environmental Education and outreach programs
- Urban and roadside tree planting programs
- Strengthening of the Biodiversity Fund
- Reduced transaction costs

Elements to upscale the benefit sharing mechanism

- Land purchase in Pas and ITs
- Technical and legal advise mechanism for land tenure rights regularization (small land/owners and IPs)
- Strengthened credit scheme
- Maintenance o the MRV system, inventories and registries
- Consolidation and sustainability of the SIS
- Broadening the coverage of PES by identifying new financial mechanisms for private, community and public land-holders

Thank You

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