

## REDD Readiness Progress Fact Sheet

**COUNTRY: COSTA RICA**

**June 2013**

### 1. R-PP Preparation and FCPF Readiness grant

- A US\$200K FCPF Formulation Grant was signed in June 2009 and was closed in July 2010. This Formulation Grant allowed Costa Rica to contract consultants to support the formulation of the R-PP, to develop a study on land use, to generate a methodology for the determination of the Reference Scenario and MRV, and, principally, to finance information-sharing meetings and workshops with various stakeholders groups, civil society, and indigenous peoples about the Government's interest in undertaking a REDD+ initiative.
- The R-PP was assessed by the FCPF PC at PC6 (June 2010), and a Readiness Preparation Grant funding was authorized by the PC.
- A due diligence mission was undertaken by a multi-disciplinary World Bank team in January 2011, accompanied by a representative of the Bank Information Center (BIC) as an observer, and representatives of the Costa Rican government. This mission carried out field visits to Indigenous Peoples territories in the Atlantic and Pacific areas where a large proportion of forests are located. The mission held meetings with a broad range of stakeholders, including government officials, non-governmental organizations, and indigenous peoples and representatives in the field and in the capital, San Jose. Discussions were also held with the German technical assistance agency (GIZ) on donor coordination for REDD+ Readiness and provided support to carry out the national SESA workshop.
- A national SESA workshop was held in May 2011 with the participation of key stakeholder groups such as government sector agencies, NGOs, indigenous peoples, campesinos, donors, private sector, academia and research institutes.
- The World Bank held an internal Assessment Note Review Meeting authorizing the signing of Costa Rica's readiness grant and formally advancing into the Preparation Phase.
- The \$3.6 million Preparation Grant was signed by Costa Rica's Minister of Environment, Energy and Telecommunications, Rene Castro, and the World Bank Director for Central America, Felipe Jaramillo in July 2012. All requirements for disbursement have been fulfilled. The grant was originally for U\$3.4 million and now includes an additional \$200,000 to support the development of a grievance redress mechanism.
- A consultancy funded by UN-REDD will provide support for the design and establishment of a National Safeguards Information System.
- Gender will be included in the strategy as a transversal theme through a consultancy financed by the REDD/GIZ Project.
- On July 5, a National Workshop will be carried out for a renewed kickstart of the national REDD+ process in Costa Rica with the participation of key stakeholders. The event is aimed at positioning the REDD+ agenda at the highest levels. The workshop will also include the launching of an initiative to develop the national information system for reporting on safeguards.

### 2. National REDD Readiness Management Arrangements

- Since 1997 the National Forestry Financing Fund (FONAFIFO) has implemented a Payment for Environmental Services Program in Costa Rica, with support from the World Bank.
- Building on this experience, FONAFIFO's Board of Directors will be the REDD+ Coordinating Entity.
- FONAFIFO's Board of Directors will be expanded to create a REDD+ Executive Board by including one Indigenous Peoples' representative and one civil society representative. Indigenous Peoples and civil society representatives that will form part of the REDD+ Executive Board will be elected based on a self-selection process, which will be supported with funds from GIZ and the \$3.6 M FCPF Readiness Grant.
- Costa Rica has established a methodology to set up the REDD+ Executive Board of Directors and the SESA Working Group within the Board. The country is reviewing the list of representative people so that the Board is highly inclusive and represents all relevant sectors.
- There's a proposal to change the name "Board of Directors" to "Executive Committee".

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- The decree # 37352- MINAET published on November 14<sup>th</sup> establishes the duties of the “Executive Committee” that will be confirmed by a representative and alternate for: indigenous peoples, civil society, National Ministry of Environment and Energy (MINAE), Ministry of Agriculture and Livestock (MAG), National Forestry Office (ONF), and National Banking System.
- The technical secretariat was strengthened with: a senior social expert, a junior social specialist, a reference scenario and MRV coordinator and a communication specialist. Given the demands of the process, the REDD+ Secretariat plans to hire: (i) an additional social development expert to conduct the social assessment; (ii) a topographer to support indigenous peoples on land issues and prepare an action plan; (iii) a legal consultant to assist throughout the national REDD+ process; and, (iv) a forestry expert for MRV and development of the baseline for the REDD+ strategy.
- An Inter-institutional Commission will be created to support the Executive Committee and the technical team. Will be conformed by: SINAC, ICE, MIDEPLAN, IFAM, AyA, Crédito Público del Ministerio de Hacienda, MIVAH, INA, INDER, IMN.
- The development of networks of organized groups such as UNAFOR (small agroforestry producers), and indigenous socio political organizations have been facilitated, the 24 indigenous groups have been organized into 4 regional territorial groups.

### 3. Stakeholder Consultations and Communication

- FONAFIFO carried out a series of early information dissemination workshops and has engaged in initial dialogue on the REDD+ process with a wide range of stakeholder groups, and with Indigenous Peoples in the Atlantic and Pacific areas through the structure of the ADIIs (*Asociación de Desarrollo Integral Indígena*).
- In order to ensure broad and effective participation as well as culturally appropriate consultations, FONAFIFO conducted an exercise of identifying all key stakeholder institutions/organizations, including Indigenous Peoples representative organizations and the non-Indigenous local communities such as forest-dependent small *campesinos*
- 19 ADIIs have participated in the initial discussion regarding the self-selection process of an Indigenous Peoples representative to the REDD+ Executive Board and this process will further include the broad participation of Indigenous Peoples traditional structures at the local level. This process will be finalized with support from the Readiness Grant, also fostering the participation of traditional forms of indigenous peoples representation.
- A national issue-scoping workshop was held in May 2011 to initiate the SESA process. Key stakeholders, including Indigenous Peoples, campesinos, NGOs, academia and other sector governments provided their respective views on the national REDD+ process.
- The Bribri and Cabecar indigenous peoples network (RIBCA), that includes 8 indigenous peoples territories of the Atlantic region, has proposed a methodology for a consultation process on the National REDD+ Strategy that follows the principle of free, prior and informed consent.
- A specific consultation methodology and process is being designed for campesinos and civil society.
- A communication strategy has been created in order to coordinate and undertake the communication process of REDD+ during every stage and support the free, prior, and informed consent.
- Workshops with indigenous peoples were held from May 15- 15, 2013 and with campesinos on May 31, 2013 to re-establish dialogue, and kick start the national process.
- The TORs for the REDD+ Process’ web page have been developed and the no objection from the World Bank has been achieved.
- Communication tools such as brochures, a brief of the R-PP, communication sheets for SESA and MRV are in development process.
- The TORs and the script for a video explaining REDD+ process were created.
- A National workshop to re-establish dialogue is being organized and will be held on July 5<sup>th</sup> 2013.
- Support on logistics, press releases, pictures, and development of materials for REDD+ activities.

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### 4. REDD Strategy Preparation

- Vision: Strengthen and broaden the Payment for Environmental Services (PES) program. PES is an innovative program that has been implemented in Costa Rica that pays private and community landholders for conserving and restoring forests, in order to generate environmental services. The REDD strategy will be discussed in this framework, and it is hoped that REDD+ can help overcome a few imperfections in the PES mechanism and create a few complementary elements, such as sustainable forest management, to achieve a more effective program.
- Strategic actions have been reviewed and the country has now rearranged a group of ten strategic actions.
- As part of the REDD+ strategy an ER PIN was prepared for an Emissions Reduction Program at the national level that was presented at the Carbon Fund Meeting in October 2012 that was held in Paris.
- The Emission Reduction Program was officially presented and included in the Carbon Fund's pipeline in March 2013 during the Carbon Fund 6<sup>th</sup> Meeting held in Washington DC.

### 5. Implementation Framework

- Costa Rica is a signatory of ILO Convention 169, and thus has committed to obtain the free, prior, and informed consent of Indigenous Peoples for activities that could potentially affect them in the context of the REDD+ strategy; and to identify appropriate traditional decision-making mechanisms.
- FONAFIFO has suggested the creation of a Patrimonial Fund (endowment fund) to help finance the REDD+ strategy and to include the forest sector in a compensation scheme to support Costa Rica's carbon neutrality.
- Costa Rica recognizes carbon and other environmental services as property of the land owner, by law.
- There has been an initiative, supported by the Inter-American Development Bank, to gather information regarding the status of land tenure and land claims (for example, Indigenous and non-indigenous communities). The project resulted in a titling and cadaster report and database, which identifies the status of land tenure and rights for the indigenous people's territories will inform the design of the national REDD+ strategy.
- During the workshops with each of the sectors of the Indigenous communities, the collected information for each territory regarding land tenure, was presented by the Project of the Inter-American Development Bank was presented.

### 6. SESA

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- With technical assistance from the World Bank, FONAFIFO is preparing the draft SESA Workplan to be discussed with key stakeholder groups. Four key issues were initially identified: (i) land tenure; (ii) sustainable forest management; (iii) differentiated PES program that will reflect the realities of indigenous peoples and campesinos; and, (iv) economic activities and access to natural resources by communities.
- Specific environmental and social safeguards policies were identified for the readiness phase and the preparation of the ESMF (Environmental and Social Management Framework) as part of the R-Package.
- A national SESA workshop was held in May 2011. Key stakeholders, including Indigenous Peoples and *campesinos*, took part of an issues-scoping exercise of the potential risks and benefits of the proposed strategic options for REDD+. Proceedings of the national workshop were disseminated to stakeholders, with responses to questions and concerns that had been identified in the workshop.
- The TORs for grievance redress mechanism were developed and no-objection from the World Bank was achieved.
- A consensus was reached regarding a methodological approach to carry out consultations in 18 indigenous peoples territories. The consensus also included the Association of Women (Acomuita).
- There's an effort for a differentiated approach with the indigenous peoples in the southern region in order to start the consultation process with this specific group.
- Dialogue and coordination established with the 4 regions of indigenous peoples territories (Central Norte y Comisión Gnäbes Pacífico Sur y RIBCA Atlantic)
- Dialogue and coordination was established with Catie, through Elena Florian, person in charged of the Mediadores Culturales Program, which is a Program that will undertake the information process with indigenous peoples.
- A workshop with indigenous peoples was held on May 15<sup>th</sup> and 16<sup>th</sup> the main achievements were:
  - o Designation of the indigenous peoples representative and alternate in the Executive Committee
  - o Ratification of the technical coordinator for indigenous peoples territories during the information and consultation process.
  - o Socialization of the consultation process by indigenous peoples
  - o Indigenous peoples provided information of the progress on its consultation work proposal in their territories; others are still in the initial stage.
- Six regional workshops were held to choose the candidate that will represent the civil society of the Executive Committee and a representative and alternate for the civil society were chosen for the Executive Committee. An approach to the United Nations and the Ombudsman's Office has being achieved. These are institutions that observe processes that have to do with indigenous territories.
- Public-private institutional agreements in process for the involvement of stakeholders in REDD+ Strategy development.
- The SESA work plan is being revised and will be disseminated to key stakeholders.

### 7. Development of a Reference Scenario

- Terms of reference for re-processing and classifying the deforestation and forest regeneration reference emission and absorption levels are complete:
  - o Historical images from 1990 will be analyzed every 5 years.
  - o LANDSAT, SPOT and RapidEye will be assessed sub-nationally to produce a national-level, consistent time series
  - o Uncertainty will be estimated for the 1990-2010 deforestation and forest regeneration trends based on

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### 2006 IPCC guidelines

- Emission factors will be obtained from scientific literature, government reports and historical datasets from CIAgro, FONAFIFO, ONF, etc. (LANDSAT-based LIDAR models will be built to predict biomass/carbon in the historical reference period)
- A scientific peer-review paper will be produced that describes the latest techniques to produce consistent times series for developing reference emission levels
- A plan to identify historical REDD+ activities datasets is complete (forest plantations, harvested wood products from forest managed areas, reforestation projects, etc.) from government institutions; this will provide a base for designing institutional arrangements to secure information for future monitoring of REDD+ activities
- An experimental line of research is opened to develop a reference emission level for degradation using LANDSAT and RapidEye models built from LIDAR and field data in 2014
- The effect of the program for environmental services in terms of tons of CO<sub>2</sub>e/yr will be assessed and included in the projection of the reference emission level as an important national circumstance
- Additionally, the projection of the reference emission level will include an analysis of drivers of deforestation and forest regeneration; the projection will be based on spatially-explicit regression models
- Reference emission levels will be presented by activity (whenever information is available) and aggregated as a single emission level at the national level
- An expert committee will be assembled to supervise the construction of the reference levels; participants from Winrock International, Michigan State University, FAO and CATIE will be invited to join expert meetings to discuss and provide feedback on the reference emission levels being produced
- A national workshop to discuss the methodology to build the reference emission level will be held in December, 2013.
- Costa Rica held an expert workshop to discuss scenarios for building the reference emission level; a document is being drafted and will be consulted with relevant stakeholders

### 8. MRV

- A Working Group was established to supervise the preparation of the MRV system proposal for Costa Rica.
- Two national-level workshops were held to design the MRV (including relevant stakeholders, e.g. Indigenous Peoples)
- An expert workshop was held to review the MRV methodology proposed in the R-PP, in order to assess ways to reduce uncertainty, to attain full compliance with FCPF requirements and to share lessons learned with other FCPF countries
- An expert workshop was also conducted to set general guidelines for the design of the national forest inventory to monitor CO<sub>2</sub> emissions and absorptions from carbon stock changes in above- and below-ground biomass, litter, dead wood and soil carbon.
- A Technical Committee for the national forest inventory was created to oversee the development of:
  - o A RapidEye-based forest stratification for 2010
  - o Field campaign to ground-truth the forest stratification proposed
  - o A national assessment of biomass allometric equations for carbon estimation
  - o Terms of reference for field crews and field crew leaders
  - o A preliminary sampling to determine the variance of the forest parameters
- A comprehensive compilation of scientific studies reporting carbon stocks by forest type and Life Zone in Costa Rica
- A collaboration with GIZ was consolidated to fund the preliminary sampling of the inventory, a number of permanent sampling plots nationally, the design of the inventory, a system to collect and manage the information produced, a scientific literature review of existing documents related to biomass quantification and the estimation of costs associated to the inventory.

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- Terms of reference for LIDAR acquisition complete. A plan to link field data with LIDAR and with this create models that predict biomass/carbon from LANDSAT and RapidEye images has been designed. This allows for the estimation of carbon in the historical reference period and in future monitoring events.
- A national workshop to discuss the methodology to build the MRV system will be held in December, 2013.

### 9. Other

- Costa Rica presented initial ideas for an ER PIN to the participants of the Carbon Fund of the FCPF in the meeting held at Paraguay in March 2012. The draft ER PIN was presented in October 2012 at the Carbon Fund Fifth Meeting in Paris, where it received a series of comments from the CF Participants in the form of key issues to be addressed in a revised version of the ER-PIN that was officially presented and it was included in the Carbon Fund's pipeline, in March 2013 during the Carbon Fund 6<sup>th</sup> Meeting. The Letter of Intent is ready to be signed by the Government of Costa Rica and the World Bank.
- Relevant key stakeholders from Costa Rica participated in two video-conferences about the R-Package and Benefit sharing organized by the FCPF.