

Costa Rica's REDD+ Emission Reductions Program: WB due diligence progress

FCPF 14th Carbon Fund Participants Meeting
June 21, 2016



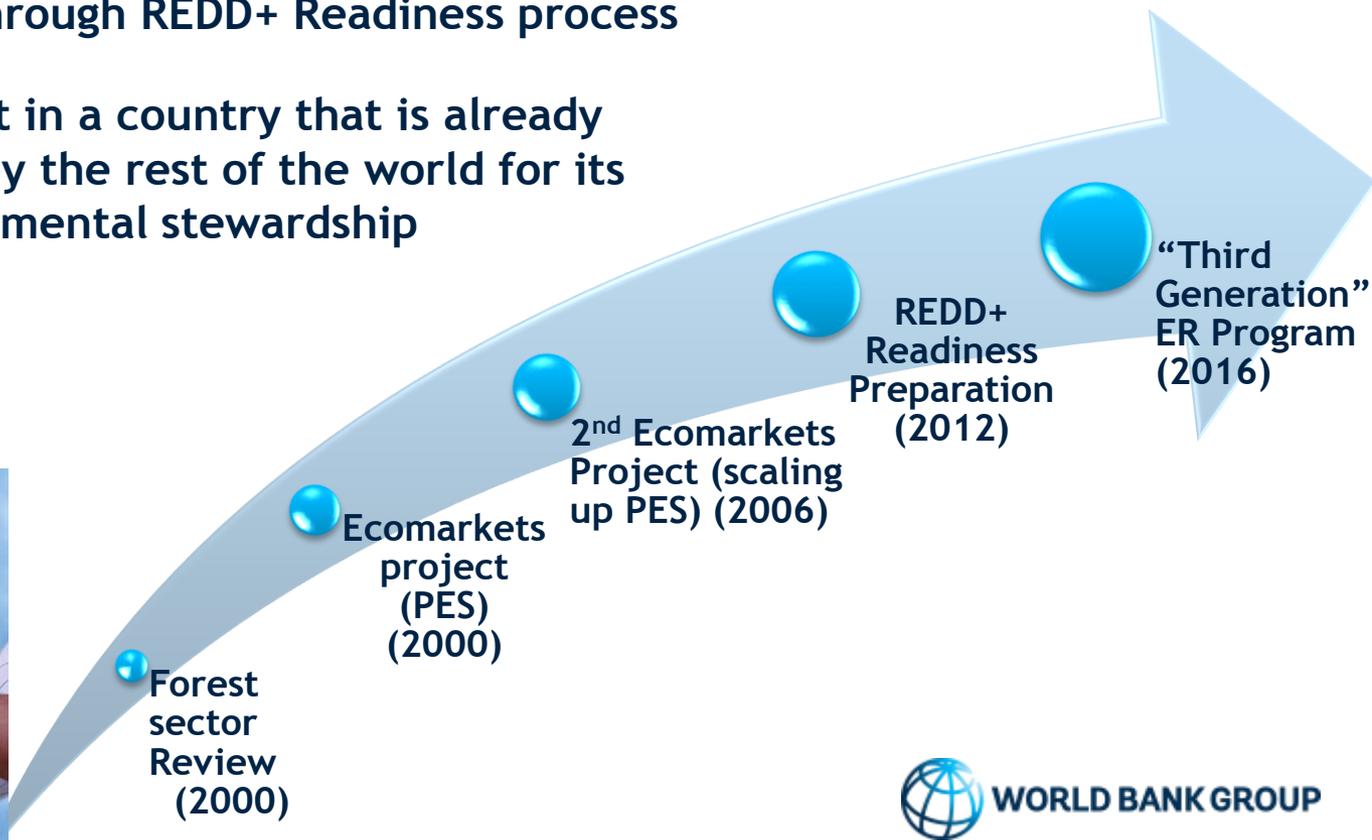
WORLD BANK GROUP



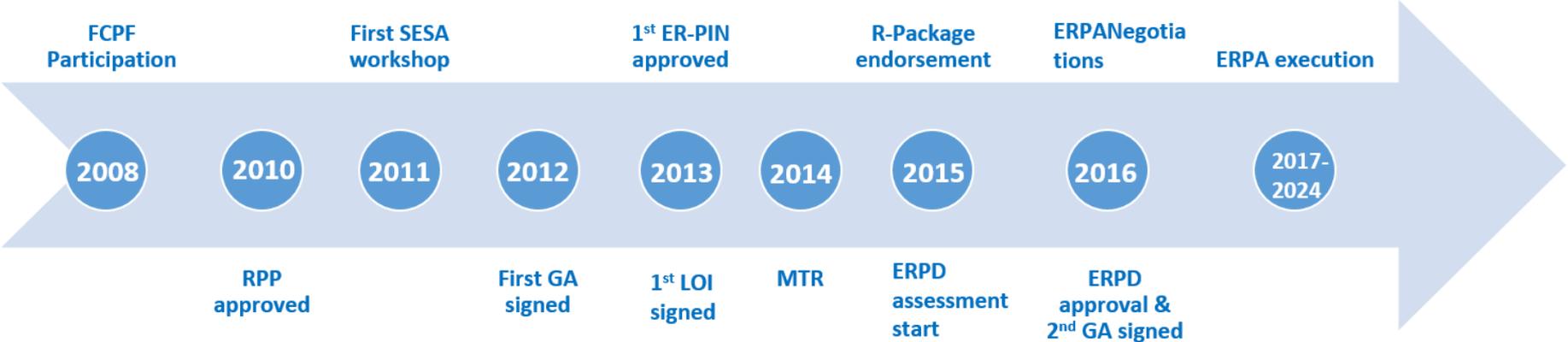
REDD+
COSTA RICA
REDUCCIÓN DE EMISIONES
POR DEFORESTACIÓN Y
DEGRADACIÓN DEL BOSQUE
Y MÁS

A long history of engagement with the WB

- Strengthens partnership between Bank and MINAE dating back two decades
- Builds on two previous Bank operations that supported the National PES scheme
- Embedded into WB-CR Country Partnership Strategy (FY16-20)
- Strong foundations through REDD+ Readiness process
- Strategic involvement in a country that is already considered a model by the rest of the world for its leadership in environmental stewardship



Costa Rica: An FCPF Pioneer



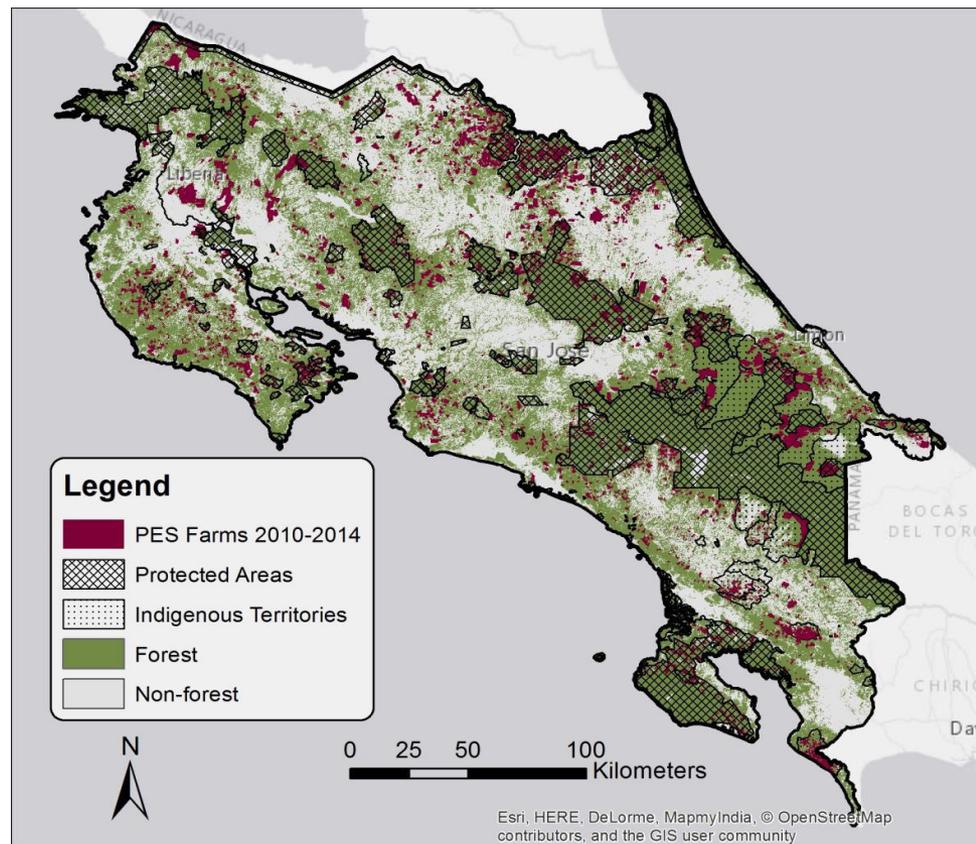
Given its historic experience and commitment, Costa Rica's pioneering REDD+ Program can provide a learning case of global relevance

**FOREST
CARBON
PARTNERSHIP
FACILITY**



Costa Rica REDD+ ER Program (Public, Private & Indigenous)

- For Costa Rica, REDD+ is a set of Policies and Actions that addresses the shortcomings of the existing forest sector, as identified by stakeholders through a highly participatory SESA process.
- It builds on a long trajectory of environmental, forestry & biodiversity laws, policies and programs that have been the backbone of the country's green trademark, and brings in new elements: broader participation, a more productive approach to forestry, increased monitoring, stronger agency coordination.



Multi-stakeholder & Phased Approach

Readiness

- FCPF Readiness Grants (\$8.8m)
- GIZ (~\$2m)
- UNREDD (\$750k)
- USAID
- USFS
- Norway

Investments

- National Forest Programs (\$100 million/yr)
- World Bank lending under preparation (~\$100m)
- IDB lending (~\$17m)
- Private sector (offsets)

Results-Based Finance

- FCPF ER Program (~\$60m)

Safeguards Process & Learning (Readiness Phase)

SESA innovative participatory process:

- Extensive Stakeholders Analysis
- Establishment of Stakeholder Platform, including the REDD+ Executive Committee,
- Participation and Consultation Plan (currently in the last stage);
- Participatory Communications strategy; including indigenous facilitators (cultural mediators);
- Robust national system of environmental and social safeguards backed by an operational Grievance Redress Mechanism; and
- Indigenous Peoples Action Plans related to land tenure and legal framework to be approved soon.

ESMF with the Environmental and Social World Bank safeguards policies

Safeguards Process (2)



UN-REDD
PROGRAMME



Food and Agriculture
Organization of the
United Nations



Empowered Lives
Resilient Nations



United Nations
Framework Convention on
Climate Change



Impulsando la Participación
de los Pueblos Indígenas en REDD+
La Inclusión Temprana y la Consulta en Costa Rica



Alianza
Mesoamericana
de Pueblos y Bosques

B*i*C

CATIE
Solutions for environment and development
Soluciones para el ambiente y desarrollo



REDD+
COSTA RICA

REDUCCIÓN DE EMISIONES
POR DEFORESTACIÓN Y
DEGRADACIÓN DEL BOSQUE
Y MÁS.

MARCO DE GESTIÓN
AMBIENTAL Y SOCIAL PARA
REDD+ (MGAS)
FONAFIFO/FCPF/DONACIÓN
TF012692

AGOSTO 2015

Ofreciendo recursos para el desarrollo del sector forestal



Costa Rica
Ministry of Environment and Energy
National Forestry Financing Fund

Summary

Proposal for REDD's Safeguards Information System in REDD adopted by
the COP 16 of the UN Framework Convention on Climate Change

Draft SESA and ESMF reports available at: <https://www.forestcarbonpartnership.org/costa-rica>

REDD+ SIS available at: <http://www.sinac.go.cr/ceniga/>

Systematic Operational Risk Tool (SORT)

Risk Category	Rating
1. Political and Governance	M
2. Macroeconomic	S
3. Sector Strategies and Policies	L
4. Technical Design of Project or Program	S
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	n/a
7. Environment and Social	M
8. Stakeholders	S
9. Other: Financial	S
OVERALL	S

Status of WB due diligence

- Advanced participatory preparation stage through strong engagement in REDD+ Readiness process with key issues and next steps identified.
- Safeguards instruments prepared and reviewed satisfactorily by the WB.
- Second REDD+ preparation \$5 million grant ready for signature key to support ERPD Program.
- Pre Concept Review Meeting held: very innovative instrument for the WB Program endorsed in principle by CD, conditional to:
 - i. Program is approved by the Carbon Fund Participants
 - ii. Internal WB clarification of how WB Operational Policies will be applied

Next Steps

- Complete WBG “Concept review meeting” (July, 2016) and “Appraisal Decision Meeting” after formal selection of ERPD by CFPs
- Finalize “rules” of the game (methodology, retrospective safeguards compliance)
- Convert Policies and Actions into a Program Implementation Plan with clear Financial Strategy (Program of Expenditures)
- Define scope of World Bank accountability and the applicability of relevant safeguard policies/instruments based on Readiness products
- Develop and implement a Benefit Sharing Plan (including consultation and safeguard plans as needed) and FM architecture
- Ensure Institutional Arrangements and capacities for implementation of the program activities are in place (including MRV).
- Finalize ER transfer mechanism and process and establish a ER transactions registry