

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism
Readiness Preparation Proposal (R-PP) External Review Template**
(interim, September 10, 2009, from Program Document FMT 2009-1, Rev. 3)

TAP Review of R-PP: Costa Rica

Reviewer (fill in): TAP Co-Leads Eduardo Morales and Sandra Brown + other reviewers
Date of review (fill in): June 17, 2010

Standards to be Met by R-PP Components

(From Program Document FMT 2009-1, Rev. 3:)

General Observations:

Clearly Costa Rica has a long history and organization in dealing with forest-related matters. It is clear from the R-PP that the country hopes to co-opt a number of entities within the Secretariat to manage the REDD+ proposal. Additionally, it is encouraging to note the involvement of some of the major emitters of greenhouse gases and the involvement of political support via the Ministers of Energy, Transport, Agriculture and Industry at weekly Cabinet meetings. Nonetheless, there still seems to be some room for improvement. For example, two major stakeholder groups in the form of: (i) Academia and (ii) Parliamentary Opposition Parties ought to be included in the consultation and organization processes.

In the first instance, academia remains an important entity in conducting researches, establishing reference levels and conducting monitoring exercises. This body, which has distinguished itself well in the Costa Rican case, remains a repository of knowledge. Secondly, national forest is a nation's national patrimony and not the exclusive right of a ruling regime at any point in time. As such, the inclusion of political opponents can help to make the process more robust, allow for sustainability and reduce possible conflicts going forward. Furthermore, the document makes reference to the interest of indigenous people but does not outline a proposal via which they will be engaged in the consultation process. Lastly, the R-PP speaks about the establishment of a R-PP Secretariat to be an executive, liaison, and coordinating body. While the establishment of the Secretariat is both pragmatic and commendable, it is our conjecture that this body should be engaged in operational matters, with executive/policy issues being dealt with by a Steering Committee or a similar such body, made up of a small number of key entities. As such, the following recommendations are posited.

A list of acronyms should be provided. As there are English and Spanish acronyms it is suggested that a three columns table containing the following data would be advisable:

Acronym	Spanish	English
FONAFIFO	Fondo Nacional de Financiamiento Forestal	National Forestry Financing Fund

This is a good start with many components meeting the required standards, but one main component (5) is missing. Also it appears that several components have all the pieces there but that they need to be better organized

Strengths of Costa Rica's R-PP:

1. The R-PP is building on a relatively long history and experiences of what works and what does not to reduce deforestation and enhance tree planting.
2. Excellent data base on historical changes in forest cover and a good understanding of the causes.
3. Demonstrates a good understanding of the key elements needed to develop their reference level.

Component 1. Organize and Consult

Standard 1a: National Readiness Management Arrangements

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD, in terms of including relevant stakeholders and key government agencies beyond the forestry department, commitment of other sectors in planning and implementation of REDD readiness;

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The only and major strategy of the RPP is the PPES. However other complementary strategies might be considered. In box 1 Point 3 the document calls for cross sectoral analysis and the consideration of potential strategies—what are these strategies? Would you please clarify.

Does Costa Rica have any explicit conflict solving mechanisms? Such as the inclusion of political opponents that could help in making the process more robust, allow for sustainability and reduce possible conflicts going forward.

On page 8, do the three large groups include private sector and academic organizations? Would you please clarify.

On page 14 . What is the source of treasury funds? How secure will these be in the future? Would you please clarify

On page 16 -- please clarify the statements on italics.

Recommendations:

1. Include academia and Parliamentary Opposition in the REDD Secretariat and within the working groups
2. Outline a mechanism for consultation and inclusion of indigenous people within the process
3. Separate executive functions from the REDD Secretariat and let the Secretariat concentrate on operational matters.
4. It is suggested that an organizational chart be added, which would be very helpful.

Standard partially met

Standard 1b: Stakeholder Consultation and Participation

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders: Inclusiveness of effective and informed consultation and participation by relevant stakeholders, assessed in the following ways:

- i. the consultation and participation process for R-PP development thus far³, the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community; and the Consultation and Participation Plan included in the R-PP (which looks forward in time); and the inclusion of elements in the R-PP that adequately document the expressed concerns and recommendations of relevant stakeholders and propose a process for their consideration, and/or expressions of their support for the R-PP.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

Costa Rica needs to be complemented on an exhaustive, inclusive and transparent stakeholder consultation process. Additionally, the country sought to use tailor their consultation *modus oprandi* based on the audience, being willing to utilize and embrace technology. The R-PP also outlined the main concerns raised by stakeholders. Lastly, the document indicates the process for continued consultation and participation. As such, in my considered opinion this standard has been met.

On page 22 -- please clarify the Main results of the REDD+ paragraph.

Standard partially met

Component 2. Prepare the REDD Strategy

Standard 2.a: Assessment of Land Use, Forest Policy, and Governance: A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD, and major land tenure and natural resource rights and relevant governance issues. It documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country’s REDD strategy to directly address key land use change drivers.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

The R-PP details in a comprehensive manner the drivers of deforestation, the policies that govern the

³ Did the R-PP development, in particular the development of the ToR for the strategic environmental and social assessment and the Consultation and Participation Plan, include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) self-determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society including Indigenous Peoples organizations; or (ii) Individual(s) recognized as legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

forestry sector and governance issues. However, while the issues are well articulated, the document suffers somewhat from positioning of the various sections. The material is actually presented in the document, but it would have been useful to position the deforestation drivers and then discuss what has been done to address these rather than the other way around. Furthermore, it is necessary to target specific interventions to address specific issues/problems. A table format, indicating deforestation driver, issue/impact, and recommendations would have been more helpful to the reader.

Furthermore, while the document focuses on the drivers of deforestation, the reader is left wondering what the drivers of forest degradation are and the link between the two, i.e., degradation and deforestation. It is known that the former can exacerbate the latter and clear identification of the sets of drivers associated with the two can lead to greater clarity and more focused intervention in the Strategy.

Was degradation included in the past? Do the carbon estimates include all pools -- above and below ground, soil, products, etc.?

How do you define a Relevant Interested Party? Are they only those who have participated in PPSA? Please clarify.

On page 31, there is a list of measures taken by State Forest Administration. Since Costa Rica, so much further along on REDD, has any CR institution focused on reducing demand for forest or land-use products?

The discussion and presentation of the theory of deforestation could go to an annex and concentrate here in the Forest policy issues and Governance.

In summary, reposition some of the material and include a table with the drivers of deforestation, detailing how these are being addressed. Costa Rica has a history with debt for nature swaps and this could also have been highlighted.

Highlight drivers of forest degradation vis-à-vis deforestation

Standard met

Recommendation:

1. Reposition some of the material and include a table with the drivers of deforestation, detailing how these are being addressed. Costa Rica has a history with debt for nature swaps and this could also have been highlighted.
2. Highlight drivers of forest degradation vis-à-vis deforestation.

Standard 2.b: REDD strategy Options: Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies: the R-PP includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and, optionally, ToR) for assessment of the various REDD strategy options. This summary states:

- i. how the country proposes to address deforestation and degradation drivers in the design of its REDD strategy;
- ii. early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;
- iii. socioeconomic, political and institutional feasibility of the emerging REDD strategy;
- iv. major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and
- v. risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

This aspect of the R-PP is well written and appears to have covered most of the pertinent issues. One is particularly impressed with the coverage given to the drivers of deforestation, though admittedly, the approach seems to take a very top down approach with little emphasis on how to deal with illegal squatting (apart from enforcing the rules) and movement towards more profitable economic activities. One gets the impression that these manifestations are symptomatic of more deep-seated issues, i.e., land tenure, land distribution, population growth, real estate expansion, etc that must be addressed, otherwise the environment for conflicts and leakage will be encouraged.

Furthermore, the Strategy does not dwell much on the costs and benefits of the REDD+ Strategy. It is clear that this is not a painless development path that is being proposed by Costa Rica. It will be important that the Country fully understand the benefits that will accrue and what costs will be incurred, not only at a country level, but also at a regional, local and community level.

The R-PP sought to couch the REDD+ Strategy within a larger developmental framework which is encouraging and can increase the possibility of success.

On page 50, there is a list of four economic sectors, only one of which (Energy) is expected to affect expansion plans. Are any of the other sectors going to have an impact? Why? It is suggested that you expand on this issue.

Standard met.

Recommendation:

1. Identify what alternatives would be provided, or plans to provide alternatives to reduce deforestation apart from regulatory enforcement and a top down approach.
2. Discuss the costs and benefits associated with the REDD+ Strategy and what it will mean for Costa Ricans at the national, regional and local levels.
3. Given the uncertainty with respect to habitat banks, the possibility of giving less strength to this point compared with the rest of the strategy, could be considered.

Standard 2.c: REDD implementation framework: Describes activities (and optionally provides ToR in an annex) to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

The document sought to identify the implementation framework for the REDD+ Strategy. It is fairly clear in terms of how rights and benefits will be shared and distributed. However, there is no work plan presented and it is unclear how the Strategy in its totality will be implemented.

Standard partially met.

Recommendation:

- (i) Outline how the REDD+ Strategy will be implemented and provide a work plan that would allow this actualization.

Standard 2.d: Assessment of social and environmental impacts: The proposal includes a program of work for due diligence for strategic environmental and social impact assessment in compliance with the Bank’s safeguard policies, including methods to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

It would be helpful if in this section you include an organization chart. This chart should show the linkages across the topics being covered.

These points could be improved with a more detailed explanation of the activities. This could help also to understand the budget, which seems to be very low

The Plan to conduct an ESIA is pretty clear and will be cognizant of the national and Bank’s stipulations.

Standard met

Component 3. Develop a Reference Scenario

Standard 3 Reference scenario: Present work plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including early ideas on feasibility of which methods to use (e.g., scenario of forest cover change and emissions based on historical trends in emissions and/or based on projections into the future of historical trend data), major data requirements and capacity needs, and linkages to the monitoring system design.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer’s assessment of how well R-PP meets this standard, and recommendations:

Costa Rica appears to have fairly good historical data and satellite imagery on their deforestation and forest degradation rates. This should place them in good stead in developing a coherent Reference Scenario that

can be used for future monitoring and comparative analyses. Given the outline of what will be undertaken, one is moved to believe that the country is well placed to fulfilling this task. However, the presentation of some maps over different time slots would have been helpful.

It is recognized that CR has a history of monitoring its forests, especially the change in forest cover. Much of the details of this are given in this section, which would be better suited to be included in the background report on status of forests in CR or deleted and referred to elsewhere. The overall component is not well organized and it is unclear as to how the reference scenario will be developed, though it is recognized data do exist. However, a reading of the Annexes shows a lot of detail and a good workplan—for this important component, some of the details—at least the steps, should have been included in this component rather than in the Annex. Overall this section of the R-PP needs re-organizing with most of material reduced to a few pages, and the main material needs to come from the existing Annexes.

When you say that PPSA will restore forests, how would this tool restore forest where the regeneration threshold has been surpassed?

About 20% of Costa Rica land area is overexploited or seriously over exploited. Of this, what is the area of degraded lands?

Some specific comments follow:

- Does a future projection out to 20 years beyond present makes sense—perhaps a step in this component might be to follow international discussions to track what methodological ideas are being discussed in relation to reference scenarios—international discussions have been held that suggest a 10 years max projection or even a time interval based on commitment periods.
- A description of what constitutes a forest in CR would be helpful—suggest the definition can be produced that can encompass all the key forest formations CR wants to include. In the Annex, there is a definition but it does not appear to follow the Marrakesh Accords thresholds (likely to serve REDD+ also).
- The reference scenario seems to be based on stocks rather than emissions and removals—in fact, given the amount of data CR has, they could have produced a historic case of removals via succession/abandonment and emissions via degradation and deforestation and then a combination of both. *It is suggested that CR report emissions and removals during the historic and projection periods.* Please explain if your decision is based on other relevant argument.
- *Has CR thought about stratifying forests by areas under no threat versus with threat for change to reduce need to collect ground data?*
- In the Annex, existing data on carbon stocks appear not to be very precise. It is suggested that steps be taken to reduce the uncertainty in C stock estimates, a step that could be done at a modest cost.
- *As part of steps needed to develop historic emissions, a diagram or flow chart would be useful showing which transitions in which forest types are being considered historically and in future projections,*
- Have standards been set for the data on both C stocks and remote sensing data? If not, are there plans during the implementation of the R-PP to set such standards and a plan to cost effectively achieve the standards.

Standard met

Recommendation:

1. It would be useful if summaries of what is in Annexes for this component replace much of the existing text in this component. The text in main body of R-PP does not show the depth of understanding that clearly exists in CR as explained in Annexes.
2. Please clarify if in other programs degradation is included? If then it appears that historical data on this topic are lacking and if so then how will the models be changed to take degradation into account?

Component 4. Design a Monitoring System

Standard 4: Design a monitoring system: The R-PP provides a proposal for the initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation. The system design should include early ideas on including capability (either within an integrated system, or in coordinated activities) to monitor other benefits and impacts, for example rural livelihoods, conservation of biodiversity, key governance factors directly pertinent to REDD implementation in the country, and to assess the impacts of the REDD strategy in the forest sector.

The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. It should also address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation. The proposal should present early ideas on how the system could evolve into a mature REDD monitoring system with this full set of capabilities.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer’s assessment of how well R-Plan meets this standard, and recommendations:

The R-PP outlines a very interesting Monitoring System to be developed and implemented. It sets out clearly what it is that the country intends to monitor and how this is likely to take place. It also outlines how the verification process will be undertaken. Less clear is how the reporting mechanism will operate and who will be involved in the monitoring. For example, endogenising some of the capacity within local communities to conduct monitoring activities can be useful and also add to the transparency, acceptance and ownership of the REDD Plan.

Furthermore, the current system appears very top down with little involvement of persons outside of the technical agencies. There is little emphasis on a participatory approach. This needs to be addressed in a revised R-PP.

Additionally, the R-PP does not identify what capacity constraints, if any, it might have. If local people are to be involved, clearly building their capacities to conduct monitoring would be vital. Lastly, some scope for independent verification needs to be built into the R-PP.

Component 4a: Emissions and removals

Most of the info on how to establish their MRV for emissions/removals comes from the component—the Annexes only show for the most part data and regressions that will be used along with existing data in the Annex for component 3. The component presents four options purported to accomplish the task with different cost amounts. However, as CR seems to be intent on monitoring stocks and not emissions and removals—it appears that they believe they have to make a new map for each monitoring event (proposed as every 5 yr), estimate area of each vegetation type, and multiply by estimates of C stocks. It is unclear if one of the options is proposing to monitor directly the changes occurring on the land, i.e. land cover change detection. In this case only track pixels that change and assign a C stock (either from new field measures) or from existing data to those pixels that change. We see no evidence that this method is proposed?

Rather than all the discussion on the four options presently given in Component 4, it might make sense to organize this section as a work plan—what are steps they will take to develop the MRV plan. For example:

- Appropriate methods to monitor change in land cover/land use (change detection, etc.)
- What new methods exist for degradation in relation to the types of degradation going on

CR—can change in canopy cover from higher resolution RS imagery be used (degradation may not be country wide so could target areas where going on with higher resolution data)

- Existing data on C stocks are highly uncertain so it might be useful if CR mentions that a workshop, for example, will be convened near beginning to discuss and set standards will use for RS and field monitoring, develop the plan, and develop the QA/QC plan.
- What monitoring standards will be established and what sort of uncertainty analysis will be conducted? Has CR considered what level of certainty will be targeted? What sort of quality control/quality assurance standards will be established for both activity data and emission factors?
- Any opportunity for local forest communities/IP to be engaged in monitoring? Are they at present (say so if yes) and if not would a task be needed to facilitate this?

What are the early ideas of how results will be reported (what and to whom and how) and what process will be used for verification? For example, other national data bases could be used as proxies for performance of REDD strategies, peer review from national or international experts, etc?

Standard partially met

Recommendations:

1. Clarification of this section would be improved if all the discussion on the four options presently given was re-organize as steps in a work plan. Also, we are concerned that the focus appears to be on monitoring stocks and not on emission and reductions which is what need to be monitored
2. Existing data on C stocks are highly uncertain—so it might be useful if CR discusses the need to develop a plan to set standards that will be used for RS and field monitoring, develop the plan, and develop the QA/QC plan.
3. It would be a good idea to provide some early ideas of how results will be reported (what and to whom and how) and what process will be used for verification

Component 4b:

It is understood Costa Rica has a monitoring plan in place for some of the other benefits, but for purposes of this component of the R-PP the steps need to be (even briefly) spelled out and then show how accomplishing the step is facilitated by existing program.

Other environmental benefits such as biodiversity and water are not explicitly mentioned, perhaps these are embedded in the national monitoring system—but need evidence here know what steps are and indicators then related to existing programs.

Standard not met

Recommendations:

1. This is a good start, but we suggest that a draft work plan be presented—parts are in the budget

sheet and parts in Annexes but it needs to be in main body of this component. It is likely the knowledge is there but not presented in any logical format that shows knowledge of some of key steps.

2. Seek to involve local communities in the monitoring process and identify what constraints exist to fully conduct MRV activities.
3. Identify scope for independent verification of the REDD+ Strategy.

Component 5. Schedule and Budget

Standard 5: Completeness of information and resource requirements

The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD readiness activities identified in the R-PP, or gaps in funding are clearly noted.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

All of the components have been identified in fairly detailed budgets. They have clearly articulated what is expected to be government's contribution and what will come from the FCPF.

Standard met

Recommendation

1. It should be clarified whether the funds apart from the FCPF and Government have already been identified or can be mainstreamed through existing programs or whether these are to be sourced from elsewhere.

Component 6. Design a Program Monitoring and Evaluation Framework

Standard 6: Adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Section is missing. Very important section. Needs to demonstrate how the R-PP progress would be monitored and verified.

The R-PP has largely sought to indicate expected outcomes from the various activities to be undertaken. However, the identification of possible indicators for monitoring is largely absent. Admittedly, these can be developed at a later stage when the various consultancies and studies are conducted. Nonetheless, some preliminary indicators would have been useful and they can help to inform the ToRs that are to be developed for these studies. Moreover, there is little in the way of a plan to deal with shortfalls in performance and quality and how these may be addressed. Once again, the crafters possibly expect these to emerge out of the studies, but they will need to provide some preliminary guidance as well.

Standard not met.

Recommendations:

1. This component is required in the latest R-PP template, issued in August, 2009
2. Develop some preliminary performance indicators in the R-PP

In Summary:

Component 1 a)	Standard partially met
Component 1 b)	Standard partially met
Component 2 a)	Standard met
Component 2 b)	Standard met
Component 2 c)	Standard partially met
Component 2 d)	Standard met
Component 3	Standard met
Component 4 a)	Standard partially met
Component 4 b)	Standard not met
Component 5	Standard met
Component 6	Standard not met