

REDD Readiness Progress Fact Sheet

COUNTRY: COSTA RICA

June 2012

1. R-PP Preparation and FCPF Readiness grant

- **\$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 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.**
- **R-PP assessed by FCPF PC at PC6 (June 2010), and Readiness Preparation Grant funding authorized by the PC.**
- **A due diligence mission was undertaken by a diverse World Bank team in January 2011, accompanied by a representative of the Bank Information Center 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 spoke to numerous 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.**
- **A national scoping workshop was held in May 2011 to initiate the SESA process. Relevant sectors of society were represented, including Indigenous Peoples, other forest-dependent people, rural landowners, and others.**
- **World Bank held internal review meeting and authorized the Task Team to continue accompanying Costa Rica in the Preparation Phase. The \$3.4 million Preparation Grant is being reviewed by government and the legal team in The World Bank. All requirements to sign the Preparation Grant have been achieved, including the completeness check, the grant agreement for the signature of the Minister of Finance, a proceedings manual and a procurement plan, etc.**
- **The Grant has been reviewed and it is awaiting the signature of all parties -**

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 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 \$3.4 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.**

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*).**

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- In order to ensure broad and effective participation as well as culturally appropriate consultations, FONAFIFO conducted an exercise identifying all key stakeholder institutions/organizations, including Indigenous Peoples representative organizations and the non-Indigenous local communities such as forest-dependent *campesinos*
- 19 ADIs 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 people representation.
- A national scoping workshop was held in May 2011 to initiate the SESA process. Relevant sectors of society were represented, including Indigenous Peoples, other forest-dependent people, rural landowners, and others.
- Costa Rica, in close coordination with the indigenous people, designed a consultation methodology that should be integrated to a national consultation process this year.
- A consultant was hired to recommend a selection methodology for the Working Group members (Consultation Working Group). In the case of Indigenous People, the government is supporting the process so that they self select the indigenous people representative at national level.
- PIR's have participated in two video-conference about R-Package and Benefit sharing.

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 to achieve a more effective program.
- Strategic actions have been reviewed and the country has now rearranged a group of eight strategic actions.

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 would affect them; and to identify appropriate traditional decision-making mechanisms.
- FONAFIFO has suggested the creation of a Patrimonial Fund (endowment fund) to help financing the REDD strategy and 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.
- A process has been initiated to address the challenges of competing land claims including overlapping titles (occasionally between Indigenous and non-indigenous communities) and consolidating land rights, supported by the Inter-American Development Bank.

6. SESA

- Logical framework for SESA included in R-PP.
- With technical assistance from the World Bank, FONAFIFO has prepared a draft SESA Scope of Work for discussion with key stakeholder groups.

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- 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 scoping workshop was held in May 2011 to initiate the SESA process. Relevant sectors of society were represented, including Indigenous Peoples, other forest-dependent people, rural landowners, and others.
- Proceedings of the national scoping workshop were distributed to stakeholders, with responses to risks and concerns that had been identified in the workshop.
- A SESA work plan is under development and it will be distributed to all Indigenous Peoples in 2012.
- A Work Plan is under preparation.

7. Development of a Reference Scenario

- Data available: 2005 forest cover map, and research on carbon fraction of forest types in country.
- Considering using historical data to allow for compensation for early actions that have contributed to increasing forest carbon stocks relative to a base year such as 2005.
- Plan to organize a national workshop to discuss the selection of a reference scenario.
- Costa Rica held an experts workshop to discuss reference level scenarios. A document is being edited and it shall be distributed for comments to all stakeholders.

8. MRV

- Plan to develop a permanent national forest inventory to estimate biomass.
- Plan to organize a national workshop to discuss MRV
- A Working Group was established to develop the MRV proposal for Costa Rica.
- Two workshops including Indigenous Peoples participation have been held to design the MRV.
- An Workshop of experts was held to review the methodology established in the R-PP, in order to evaluate new methodological elements which can improve the levels of uncertainty and to exchange experiences with other LCR FCPF countries, considering the need of Costa Rica to comply the R-package requirements.

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