

## REDD Readiness Progress Fact Sheet

COUNTRY: COSTA RICA

February 2011

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

- \$200K FCPF Formulation Grant was signed in June 2009 and was closed in December 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. However, Costa Rica was asked by PC to revise and resubmit R-PP, and revisions are currently in progress.
- A Bank team traveled to Costa Rica in May 2010 to provide technical assistance in R-PP Formulation. A brief follow-up mission was conducted in September 2010 after the PC approval of the Costa Rica R-PP, and a meeting in Washington with the Director of FONAFIFO in November.
- 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.
- In the coming months, the Costa Rican government and World Bank hope to finalize substantive and administrative steps necessary for the \$3.4 million Preparation Grant.

### 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.

### 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 is conducting 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 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

## REDD Readiness Progress Fact Sheet

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Readiness Grant, also fostering the participation of traditional forms of indigenous people representation.

### 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.

### 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 to help finance 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.
- The 2<sup>nd</sup> Latin American and Caribbean FCPF Workshop in Argentina (October 18-20, 2010) contributes to Costa Rica's understanding of the SESA.
- With technical assistance from the World Bank, FONAFIFO has prepared a draft SESA Scope of Work for discussion with key stakeholder groups. A national scoping workshop with various key stakeholder groups is planned to be organized in March 2011 with the objective to validate and finalize the SESA Scope of Work.
- 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.

### 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.

**REDD Readiness Progress Fact Sheet**

**COUNTRY: COSTA RICA**

**February 2011**

**8. MRV**

- **Plan to develop a permanent national forest inventory to estimate biomass.**
- **Plan to organize a national workshop to discuss MRV**

**9. Other**