

**Forest Carbon Partnership Facility (FCPF):
Readiness Plan Idea Note (R-PIN) – External Review Form**

Guidelines for Reviewers:

- 1) This review form is a record of your review, which may be disclosed for transparency. Please bear that in mind when filling it out.
- 2) Please summarize your comments-- address whatever you feel is important.
- 3) Please evaluate and mark (score) each of the 5 Summary Assessment review criteria from the FCPF Information Memorandum, the Participants Committee Selection Criteria, and the numbered R-PIN major topics, as requested in the right-hand column. Select a mark from the following scale: NA: Not Addressed. 1: Inadequately addresses criterion. 2: Barely addresses criterion. 3: Average, or adequately addresses criterion. 4: Good job of addressing criterion. 5: Excellent job of addressing criterion.

<p>1) Country submitting the R-PIN: Costa Rica 2) Date of Review: June 28, 2008</p>	
<p>I. Summary Assessment of the Quality and Completeness of the R-PIN: <i>Note with value of 1 – 5</i></p>	<p>Mark (score):</p>
<p>Criterion (i): Ownership of the proposal by both the government and relevant stakeholders: The document does not provide a clear picture of how the government has engaged various stakeholders, particularly those at the community level and the private sector.</p>	<p>3</p>
<p>Criterion (ii): Consistency between national and sectoral strategies and proposed REDD Strategy: It would be advisable to have a clearer picture of how a REDD strategy would link with those in other sectors. While it is unlikely that a REDD strategy would be totally out of step with other strategic sector visions, the nature of linkages is not clearly described in the document, particularly in cases where there may be some conflicts or need for accommodation.</p>	<p>4</p>
<p>Criterion (iii): Completeness of information and data provided: Information presented is irregular in the various parts of the report. In certain cases is detailed and solid. In other cases is vague and incomplete</p>	<p>3</p>
<p>Criterion (iv): Clarity of responsibilities for the execution of REDD activities to be financed: The report lists many institutions that would be responsible, it would be desirable to have a much clearer idea of what agencies would be directly responsible for the various components of a REDD Strategy.</p>	<p>3</p>
<p>Criterion (v): Feasibility of proposal and likelihood of success: The proposal contains a long list of activities to be carried out, but there is no sense of priorities and how they are more or less likely to succeed. On the other hand there is a substantial body of experience in Costa Rica and strong national expertise (which is one reason one would expect a substantially better R-Pin than the present version)</p>	<p>4</p>
<p>SUMMARY SCORE: <i>add scores above and enter sum into box on right</i></p>	<p>SUM: 17</p>
<p>Improvements the country could make to R-PIN, and any TA needs for it: A better formulation of the proposal is needed, focusing on clearly addressing the questions raised in the R-PIN in a more detailed and coherent manner. In particular a more detailed proposal of how a REDD readiness status could be reasonably reached, with an indication of what areas of TA support need to be addressed with high priority. The</p>	

presentation of data on deforestation and emissions would benefit from a more coherent and clearer condensation of the apparently abundant assessments that are available. The document could also present a clearer presentation of how non-government stakeholders are and will be involved in the preparation of activities to achieve readiness and REDD implementation.

II. Participants Committee Selection Criteria: Information

Relevance of country in REDD context: Priority to countries with: (i) substantial forest area and forest carbon stocks; and (ii) relevance of forests in economy, including livelihoods of forest dwellers and Indigenous Peoples:

Geographic and biome balance: across the world's main forest biomes.

Variety of approaches: Proposed innovative approaches to tackling deforestation and degradation; methods; testing new mechanisms and distribution of REDD revenues; and/or regionally important leadership.

III. Detailed Review of R-PIN Responses to Template Questions:

Please review the R-PIN quality and completeness in terms of addressing the major questions in the FCPF R-PIN template.

1. Government focal point, and ownership and consultation in producing the R-PIN: The government focal point is the Coordinator, Department of Development and Marketing of Environmental Services, National Forestry Financing Fund (FONAFIFO). Various governmental organizations were consulted and participated in the preparation of the R-PIN. Consultations with the private sector, indigenous peoples and institutions of the civil society seems to have been limited or non existent altogether. This is not clearly specified in the document.

2. Identification of institutions responsible for: forest monitoring, law enforcement, conservation, and coordination across forest, agriculture and rural development: SINAC is responsible for the National System of Conservation Areas and for forest inventories and FONAFIFO is for monitoring forest cover change and for the conservation of biodiversity, hydrological resources management and mitigation of GHG. Various institutions of government listed in the R-PIN are entrusted with law enforcement. Also, the R-PIN adequately identifies those agencies responsible for inter sector cooperation.

3. Current country situation:

Where do deforestation and forest degradation occur, main causes, estimates of greenhouse gas emissions, data available? Key issues in forest law enforcement and forest sector governance?

There is good information on the extent of forest resources. An inventory has been recently completed in 2007 (Data for 2005). This information includes a good identification of the areas where deforestation is taking place. By comparing the forest cover in 2005 with that in 2000, and by using various local studies, it has been possible to quantify deforestation and the location of deforestation centers. It should be noted that while average deforestation per year during this period was around 4,600 hectares, cover increase somewhere else in the country was some 34,000 hectares. There is evidence that gross deforestation has decreased substantially during the last decade. There is still some uncertainty in these figures as methodologies applied to different points in time are not completely consistent with each other. Allowing for these uncertainties available data show that deforestation is taking place mainly in the Tortuguero and San Carlos regions.

While several studies have been carried out, it is necessary to obtain a better understanding of the causes of deforestation, which are – like in all countries - multiple and complex. The R-PIN lists several cultural, institutional, legal, policy and socio-economic causes of deforestation. But the presentation of drivers of deforestation is broad and generic, of little analytical value.

There are indications of forest degradation in various parts of the country, but no hard data on its extent and severity are

available.

The report indicates that variations in GHG due to deforestation and degradation are not adequately known. The only estimates available are based on projections of numbers from a carbon compensation project for private areas that are about a decade old. These data suggest that Costa Rica has evolved from its forests being a relatively important source of emissions to a small sink.

The R-PIN discusses the key issues in forest law enforcement, which range from policy failures to institutional weaknesses, lack of human resources to control deforestation and legal deficiencies, e.g., effective implementation of forest laws, tedious process on legal and rational use of forest.

This is a section of the report that lacks clarity.

4. Data available on indigenous peoples and forest dwellers?

Apparently there is adequate information at the national level on indigenous peoples and their use and management of forest resources. There is adequate information on other forms of forest land use tenure. At present the country is implementing a cadastral plan which among other things identifies indigenous peoples' areas that still need legal regularization and titling. Unfortunately, not much of the data on indigenous reserves that the document maintains is presented in the report. There is no mention where this information and data could be found either.

The lands and territories belonging to the indigenous peoples are still under the ownership of non-indigenous peoples (approx. 90%) with limited use of ownership. This situation generates the question of trust regarding ensuring the rights of indigenous peoples in terms of government management of the REDD process.

This situation may require a bottom up approach to participation of indigenous peoples.

5. Current strategy in place to address deforestation and forest degradation. What stakeholder process was used to arrive at it?

The key elements of a strategy to address deforestation and forest degradation are not well described in the document. It narrowly relies on the creation of a system of incentives and the creation of a system of protected areas. More than 15 policies and programmes at National level have been set to address deforestation and forest degradation, that may create confusion in proper coordination for implementing the programmes efficiently and effectively in the absence of clear roles in each other. The document gives no indication of their degree of success, what the main obstacles faced are and what remedial actions may be needed to improve effectiveness in the future. There is no information on the consultative stakeholder processes, including indigenous peoples and their representative institutions, that may have taken place.

6. What would be needed to reduce deforestation and forest degradation?

Has country considered the potential relationship between REDD strategies and country's broader development agenda?

The list of possible actions that need to be implemented to address deforestation and forest degradation is extremely long and generic. The text does not give a sense of what the key areas of strategic action would be, or what the priority actions may be. There is no indication of how the lessons from experience are integrated into these various actions. And no indication of their possible cost and difficulty of implementation.

Has any technical assistance been received, or is planned on REDD?

The document does not list any technical assistance specifically aimed at addressing REDD has been received, but there are a number of assistance programs aimed at improving the management of forest and these would have an impact on deforestation and degradation avoidance. In a way this is surprising given Costa Rica's previous initiatives in carbon compensation in private areas.

7. What stakeholder consultation process would country use for developing and implementing REDD under FCPF support?

The proposal is to develop consultative process at two levels and segregating stakeholders between public and non public entities and then between regional/local level and the national level. Several other mechanisms are suggested to obtain high levels of participation of various stakeholders of the civil society and the private sector. A national process was launched to launch a strategy to control illegal logging, involving a number of stakeholders from different sectors of society and the economy. There are entities that are consulted that represent indigenous peoples. However, despite intense efforts to secure participation, final decisions related to forest management are highly concentrated on the central government, on the Executive Branch and through the Ministry of Environment and Energy. It is not clear how consultations and participation are carried out with respect to strategies in related sector, such as agriculture. It would be desirable to have a clearer description of how REDD participation would in practice take place.

The rights ensured by relevant international legal human rights instruments, and relevant clauses of the Operational Policy of World Bank, have not paid much attention specifically to the participation of indigenous peoples in the R-PIN process, including the design of Monitoring and Evaluation system. Inclusion of indigenous and local peoples by clearly distinguishing their roles in the implementation of REDD under FCPF is necessary.

8. Implementing REDD strategies: challenges to introducing effective REDD strategies, and how might they be overcome? Would performance-based payments though REDD be a major incentive for implementing a more coherent strategy to tackle deforestation?

The performance-based payment system has been accepted in Costa Rica as a significant national strategy in forest management and the reduction of deforestation.

The challenges are numerous and this section of the report presents a long list a number of institutional, policy, legal and knowledge deficiencies that would need to be eliminated to implement a coherent and effective REDD strategy. It is not clear however how economic incentives could be financed previous to the demonstration of performance. It is not clear neither how different actions may have a different priority nor how they relate to an overall strategic thinking on how to effectively introduce a REDD strategy. There is a need to deepen strategic thinking to avoid the trap of trying to do everything and achieving little through dispersion of efforts.

9. REDD strategy monitoring and implementation: How forest cover and land use change are monitored today, and any constraints in this approach?

SINAC and FONAFIFO are the government institutions responsible for monitoring forest change today. CATIE and ITCR also carry out forest cover assessments using LANDSAT imagery, and SPOT images are used periodically to study the conservation area of the Central Volcanic Range. Forest inventories, field verification, and independent audits have been used for monitoring performance.

Main constraints include the constant cloud cover affecting many of the critical areas, and the fact, with the exception of a few areas, monitoring takes places after the fact, i.e. there is no preventative monitoring systems in place. Cost and capacity to monitor are not mentioned as constraints, but they may be very real obstacles. This section should be enriched with a more substantial analysis.

10. Additional benefits of potential REDD strategy, and how to monitor them: biodiversity and rural livelihood?

While additional benefits will surely vary from location to location, it is envisaged that REDD would generate, as associated effects, a number of environmental benefits, including, inter alia, the conservation of biodiversity, protection of water resources, the maintenance of recreational values. In addition, important social benefits are foreseen, as the resource base supporting rural livelihoods would be more effectively sustained. This part of the report would benefit from a deeper analysis of how these other benefits are expected to materialize and what their relative importance may be. For both biodiversity and rural livelihoods the R-PIN indicates that the country would follow a methodology designed for the Ecomarkets Project, but there is no indication of the indicators that may be used.

11. What assistance is country likely to request from FCPF Readiness Mechanism?

Financial and Technical Assistance is likely to be requested for conducting Consultations, Purchase Satellite images/aerial photographs, Equipment, Field Identification, Training, Workshops, Publications, Tools and hiring Human Resources. Activities that would be undertaken include:

- Defining the Concept of Deforestation and Development,
- Determining the rate of deforestation and degradation ,
- Quantifying the reduction of emissions,
- Designing and development of Reference Scenario
- Developing Permanent Monitoring System
- Elaborating Policy and Strategies
- Developing REDD Strategies

The R-PIN lists various areas where support would be needed, essentially covering all and every one of the components of a REDD mechanism. An indication of what elements in this long list of potential requests are truly essential and why would be desirable. At the end the report just lists needs for consultancy and obtaining images. The section need to be improved by enriching explanations and analysis and justification.

12. Donors and international partners already cooperating with country on REDD.

Apparently the World Bank is supporting the Ecomarkets project, aimed at developing markets for environmental services. There is National Strategy on Climate Change but no indication of what donors are cooperating in this undertaking and a Debt for Nature Swap with the Government of the United States. There is no indication of how these (and possible other) donors could cooperate in the implementation of a REDD Strategy. More information is needed in this section of the report.

13. Country's Potential Next Steps and Schedule: The R-PIN proposes a list of activities and their timetable to achieve a satisfactory level of readiness. The set of steps is prioritized and clearly includes a schedule that indicates that the submitter of R-PIN is clear how they will be conducting the programme. However, the timetable looks unrealistic. The policy reforms needed are not clearly identified and the list of steps does not include information of how participation would be organized.

14. Attachments and their usefulness: no attachments were supplied.