Payments for Environmental Services (PES): A contribution to the Costa Rica’s economy

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General Data

- Total Area: 51,100 km²
- Population: 4.7 million
- 5% of the planet's biodiversity
- 70% land for forestry

Main activities
- Tourism (2 millions/year)
- 30% of the territory is in the state hands and the rest is private property
- Environmental issues are incorporated in the government policy
The PES has contributed to the recovery of forest cover in the country.
Institutional Framework

Legal Frame

Financing sources

Monitoring and Evaluation

Pillars of the PES Program
✓ National Constitution (art. 50), legal provision to safeguard the right of people to enjoy a healthy and balanced environment.

✓ The 90’s, change in the environmental sector in Costa Rica:
  ▪ New laws to protect and conserve natural resources.
  ▪ Creation of institutions that strengthen the forestry sector.

✓ Global initiatives: Rio Declaration on Environment and Development, 21 Agenda, United Nations Framework Convention for Climate Change, Kyoto Protocol y, more recently, the Millennium goals, Johannesburg Summit, COP.

✓ Ratify regional agreements: Regional Agreement for the management and conservation of natural forest ecosystems and forest plantation development.
Legal Frame

Forestry Law N° 7575, 1996

- Art 46, FONAFIFO’s creation.
- Art 47, FONAFIFO’s patrimony.
- Art 69, Financing sources.
- Art 3, paragraph k. Environmental Services:
  - Greenhouse gases mitigation
  - Water Protection
  - Biodiversity Protection
  - Scenic Beauty
Fuel Tax: 3.5%

Water Tax: 25% of the total collected. This tax is an economic instrument to regulate the use and administration of water, for human consumption and socioeconomic development.

International Financing: 2 loans with World Bank

Agreements: Public Sector and Private Sector
PES Financing sources

- Fuel tax: 92%
- Water tax: 6%
- Other initiatives: 2%
→ 17,000 families benefited from the PES Program during the period 1997-2018.

→ The Program has contributed to maintaining and recovering the forest cover of the country.

→ 1.2 million hectares under PES contracts: 90% Forest Protection, 6% forest plantations, 3% forests that were managed, 1% in regeneration.

→ 7,090,357 trees formalized in agroforestry systems.

→ Indigenous territories with special conditions for their entry. The PES promotes the participation of this communities in the protection of forests

→ Increase in the participation of women, mainly in Agroforestry projects.

→ Accumulated investment of more than $600 million dollars (approximately $30 million / year), distributed in rural areas.

→ About 3000 hectares under contracts remain in annual management.
Beneficiaries

WOMEN
2,531

MEN
6,155

Number of contracts per type of beneficiary
TOTAL 16,712

ADIRI
271

COMPANIES WITH LEGAL PERSONNEL
7,755
PES in Indigenous territories 1997-2018

- **Forest Protection**
  - 152,607.10 has
  - £7,742,580.491
  - $33,789,408

- **Reforestation**
  - 190.4 has
  - £58,137,960
  - $32,640

- **Natural Regeneration**
  - 3,586.40 has
  - £207,224,299.20
  - $382,002

- **Agroforestry Systems**
  - 1,400,526 árboles
  - £339,265,575
  - $1,210,119.30
Lessons learned

✓ The PES Program is very dynamic due to external conditions and the financiers, ability to adapt.

✓ PES is an effective tool to stop illegal logging and land use change.

✓ The alliances with the Private Company, Public Institutions or International Entities in areas of common interest, reduces the investment cost of the State.

✓ The impacts of the PES Program must be measured.
Environmental accounts
The Central Bank of Costa Rica, recognizing the contribution of natural resources to the economy and the country's sustainable development, created the Environmental Statistics Area in order to:

1. Strengthen and update existing environmental accounts
2. Develop other environmental accounts useful for the macroeconomic analysis of the country
3. Contribute to economic research and the process of modeling.
Currently, the Central Bank produces three environmental accounts for Costa Rica:

- Water
- Forest
- Energy
Contribution of the forest (%) to GDP

For more information visit:

Thank you
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