Capacity Building Program for the development of a system of **Payment for Environmental Services** in Rwanda

**Strategic Vision in the context of the Payment for Environmental Services Program – PESP- FONAFIFO**

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Background
The National Forestry Financing Fund (FONAFIFO as per its Spanish acronym) is a **public entity** (rule of law principle, public value)

Entity of maximum decentralization within the organizational structure of the Ministry of Environment and Energy (MINAE) and as such, not subject to specific orders, instructions or guidance of the Minister.
Created by Law # 7575 in 1996, during a decade when the country experienced a significant change in the environmental sector as a result of emerging legislation enhancing the conservation and protection of natural resources.

Its main decision-making authority consists of an Executive Board with representatives from the public and private sectors.
The National Forestry Financing Fund is created with the objective of providing “financing
for the benefit of small and medium-size producers, through credits and other mechanisms
to promote the Management of Forests, intervened or not, forestation processes,
reforestation, forestry nurseries, agroforestry systems, restoration of degraded áreas and
technological improvements in the harvesting and industrialization of forestry resources. It
will also seek financing for the payment of environmental services provided by Forests,
forest plantations and other activities needed to strengthen the development of natural
resources to be developed through the further operationalization of this law.
Institutional Planning rationale
National Development and Public Investments Plan

- Sectoral: National Forests Development Plan and NBS2
  - Long Term Vision 2040
  - Strategic Institutional Plan 2020-2025
  - Annual Operational Plans
National Development and Public Investments Plan

Art. 4 of Law 8131. The National Development and Public Investments Plan (NDPIP) represents the global framework that guides the Operational Plans of institutions according with the level of authonomy of each public entity. All public budgets should respond in principle, to the Operation Plans; more specifically, the Government resources should be budgeted in consistency with the global macroeconomic planning and reflect the priorities and strategic activities of the Government...
FONAFIFO’s Commitments in the NDPIP

- 4 million tones of net CO2e reduced.
- Maintain 115 million tones of CO2 eq. stored through PES contracts per year.
- 200 projects on Mixed agroforestry under PES payments.
- 448 projects financed through the Program of Plantations and Forestry harvesting (PPAF)
Vision for the future....

The institution is the leading Costa Rican entity in the administration of financing mechanisms for ecosystem services associated with Forests and agroforestry systems in any type of ecosystem.
Institutional Strategic Plan
Mission – Vision – Values

Strategic Objectives

Expected outcomes

Strategic actions

Indicators - targets and annual Budget.
Mission
Contribute to sustainable development through providing finance to those providing environmental services within an innovative public Management approach.

Vision
Leading institution in the implementation of financial mechanisms for environmental services from Forests and other ecosystems for the improvement of life quality of people.
Strategic Objectives
Strengthen organizational capacities for the Management and design of environmental financing mechanisms.

Increase funding sources for financing environmental services.
Maintain the provision of environmental services through permanent financing in priority areas.

Support forestry productive activities through strengthening capacities of providers of environmental services.
Results chain
Impact

• Contribute to sustainable development through the provision of environmental goods and services that improve the quality of life of the Costa Rican population.

Effects

• Improve livelihoods of providers of environmental services
• Increase the volume of available environmental services
• Design, promotion and consolidation of environmental services markets.
• Conservation of the ecological functions of ecosystems.
• Mitigation of greenhouse gas emissions that contribute to climate change.
Strategic Activities
Maintain current coverage of environmental services

- Explore new instruments for other productive activities.

Generate new financial instruments for PES

- Identify new financing sources
Develop strategic alliances for the implementation of new financing mechanisms

- Measurement and valuation of environmental services.

Transform environmental services into tradeable products.

- Identify potential purchasers and markets for environmental services.

Strengthen the knowledge of providers of environmental services for the management of environmental services.

- Provide technical support to providers of environmental services.
Program of Payment for Environmental Services –PPSA-
The PES is a financial recognition/compensation by the State -through FONAFIFO- to land-owners or tenants of Forests lands and plantations for the ecosystems services that these ecosystems provide and that have a direct impact on the protection and improvement of the environment.
It’s a voluntary scheme with national scope

According to the Forestry Law 7575 recognizes the following environmental services:

- **Mitigation of greenhouse gas emissions** (fixation, reduction, sequestration, storage and absorption).
- **Protection of biodiversity** for its conservation and sustainable use, as well as scientific, research, pharmaceutical and genetic improvement, and for the protection of ecosystems and living forms.
- **Protection of water** for urban, rural and hydroelectric use.
- **Natural scenic/landscape beauty** for tourism and scientific use.
4 Pillars

- Institutional Framework
- Legal Framework
- Financing
- Monitoring and evaluation
Payment for Environmental Services Program

Results 2015-2019:

- 2015: 257,663.10 Has.
- 2016: 278,581.60 Has.
- 2018: 339,801.33 Has.
- 2019: 337,266.53 Has.
Consolidated Results 1997 - 2019

1.3 million hectares
8 million trees in Agroforestry Systems / SAF
18,508 contracts
$525 million disbursed
Strategic activities Dept. of Environmental Services (DSA)/regional offices (OR)
Department of Environmental Services (DSA): Management of funding to providers of environmental services.

Provide technical conditions to protect activities that generates environmental services.

Regional Offices (OR): Manage the implementation of institutional financing mechanisms at the regional level.
What to measure?

Effectiveness
- Number of hectares under Payment for Environmental Services by modality
- Number of new hectares under Payment for Environmental Services by activity
- Volume of CO2 contained in Forests under active PES contracts
- Volume of CO2 mitigated under current PES contracts in modalities of reforestation, regeneration and SAF.

Targeted population
- Number of women beneficiaries of PES
- Number of contracts in mixed compensated systems (Small producers in les tan 10 has)
- Number of hectares paid in indigenous territories by activity
- Number of new PES contracts by regional offices.

Use of resources
- Percentage of PES Budget execution.
- Amounts of PES Budget execution in contracts with expired allocations.

Monitoring and Control
- Percentage of contracts evaluated that fulfill criteria for provision of timely and quality of environmental services
- Percentage of PES projects visited
Transparency and Accountability
Public value
Thank you!!!

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