

# PAYEMENT PROGRAM FOR ENVIRONMENTAL SERVICES MANAGED BY THE GOVERNMENT OF COSTA RICA

Since 1997 the Government of Costa Rica has been managing the [Payment Programme for Environmental Services PES](#), a pioneering initiative for the world.

Through the Fonafifo Fund (Fondo Nacional de Financiamiento Forestal) of the Ministry of Environment and Energy (MINA E), the programme provides financial recognition for owners of farms that establish forest plantations, agroforestry systems and/or carry out projects for natural regeneration, protection and management of forests. Fonafifo makes direct cash transfers to private landowners and associations through five or ten-year contracts, depending on different projects.

From 1997 to 2019, the PES has benefited more than 18,000 families (2,788 women and 6,888 men), 19 indigenous communities (100,000 people through 303 projects) and 8,712 local associations. The PES as a whole has mobilised more than \$524 million, for projects in more than 1.3 million hectares across the country.

In 2020, the Payment Programme for Environmental Services PES received the [United Nations Global Climate Action Award](#) for the category *Financing for Climate Friendly Investment*. The Award recognized 13 projects from around the world as practical and scalable examples of how to combat climate change. In this framework, the PES has been recognized as the first scheme of its type implemented in the Region.

The website of Fonafifo presents the PES Programme, its objectives and different components. The Programme financially recognises four environmental services provided by forests and forest plantations: Mitigation of greenhouse gases (fixation, reduction, sequestration, storage and absorption of CO<sub>2</sub>); Protection of water for urban, rural or hydroelectric use; Protection of biodiversity for its conservation and sustainable use, protection of ecosystems and forms of life; Protection of natural landscape beauty for tourism and scientific purposes.

Fonafifo emphasizes that PSE changed the traditional concept of *subsidy or incentive*, for that of *economic recognition* of environmental services provided by the forest, contributing in turn to increase its ecological and social value. The programme is voluntary and all natural or legal persons, owners, tenants and usufructuaries of properties registered in the National Registry of private domain can participate. The website presents the [fundamental pillars of the PSE, the forms and instructions to participate](#).

The [National Forestry Office](#) of Costa Rica also presents the components of the PES Programme that refer to forestry development, listing in detail the different projects and activities that can be implemented:

- [Forest Protection](#): water resource protection; post harvest protection; natural regeneration.
- [Reforestation](#): reforestation with fast-growing species; reforestation with medium-growing species; reforestation with native species.



- Agroforestry systems: projects that combine trees of different forest species, multipurpose and timber use, with annual crops, perennial crops, forage species, fruit trees or other species; Agroforestry systems with native species; Mixed systems.

By establishing a contract with the PES, the landowner commits to safeguard the land. Among the actions that must be implemented for its proper maintenance are fire patrols, the cleaning of boundaries, the prohibition of hunting and the extraction of flora from the territories. In forestry plantations, they must make amendments, pruning and thinning of the commercial trees that are planted.

Fonafifo ensures the monitoring of the projects with field visits to supervise the state of the land, as well as sending the information to other competent national institutions so that they can include these territories in their monitoring strategy. This Fonafifo's control of the properties is of utmost importance as these territories are permanently threatened by both natural and man-made phenomena: poaching, forest fires, illegal logging, climatic events. Reforestation projects can also be affected by pests and diseases.

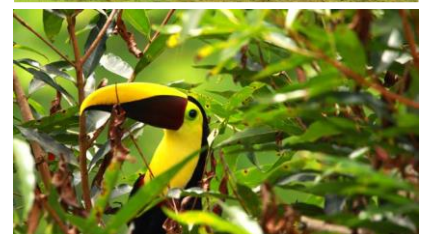
With more than 18,000 contracts in place since 1997, covering more than 1.3 million hectares across the country, the programme has achieved environmental, economic and social results, contributing to:

- recover and maintain the country's forest cover, which currently extends over 52.4% of the national territory, helping to reduce high temperatures and greenhouse gases;
- reduce fires, illegal logging and poaching, protect water recharge areas for the water supply of populations, and protect the country's biodiversity;
- the funds granted to landowners for the services rendered by their forests strengthen the economies of rural areas and reduce the phenomena of emigration. In addition, the mechanism generates new sources of employment for the population in the nurseries management, forest plantation control, and other activities;
- by maintaining the forests, the great biodiversity resources and a wonderful landscape, the country can continue to promote tourism, generating new economic resources and jobs for the rural populations.

The PES Programme is funded by the Government of Costa Rica, allocating for example a percentage of the tax on fuels for this purpose. Funding is also provided by foundations and other national and international organisations. In December 2020, the Government of Costa Rica announced the signature of the agreement with the World Bank that will allow it to receive \$60 million over the next five years. With these funds, the PPES plans to expand its impact in the country, benefiting in particular key populations such as indigenous territories with forests, organised groups of women and young people who carry out conservation actions and are not landowners.

Similar programmes of payment for environmental services are being implemented or designed in Latin American countries such as Mexico, Dominican Republic, Colombia and Peru. If properly adapted, this innovative mechanism, which directly involves the population of rural areas in the care of their natural resources, could also be implemented by regional and local governments, by identifying appropriate financial sources that can ensure its development.

The extensive documentation published by the managing bodies of the PES in Costa Rica as well as by other international organizations, can be used to replicate its innovative approach and adapt its mechanisms to different contexts.



**To know more**

[PSE in Fonafifo website](#)

[PSA in Oficina Nacional Forestal website](#)

[Fonafifo estadísticas del PSA](#)

[PSA in presidencia.go.cr website](#)

[Article in minae.go.cr](#)

[Winners of the 2020 UN Climate Action Awards](#)

[PSE in unfccc.int website](#)

[PSE in latinamerica.undp.org](#)

[Article in Fundecor.org](#)

[Article in catie.ac.cr](#)

[Publication in repiica.iica.int](#)

[Publication in gggi.org](#)

[Publication in greengrowthknowledge.org](#)

[PSA in iied.org](#)

[Publication in iied.org](#)

[PSA Informe Fonafifo 2012](#)

[Publicación Fonafifo sobre PSA en Huetar-norte](#)

[UN Decade on Ecosystem Restoration website](#)

