

Costa Rica- Platanar

Platanar Hydroelectricity, San Carlos

SUMMARY

Hydroelectric power (HEP) company pays neighbouring landowners, through the National Fund for Forestry Financing (FONAFIFO) and the NGO FUNDECOR, to reduce siltation of water used. Interesting case for landowners without land titles - the buyer subsidises their participation.

MATURITY OF THE INITIATIVE

Agreement accepted in 1999 and valid for 5 years. Renewed in 2004.

DRIVER

Platanar HEP was concerned about the impacts of over-grazing on erosion and its consequence on increased risk of landslides and sediment load in the company's reservoirs.

STAKEHOLDERS

Supply

Northern Platanar river basin in San Carlos: the watershed has 3,655 ha, of which 1,243ha are natural forests. Payments are made to 26 landowners living in the high and upper-middle parts of Platanar River. Agreements include 24 projects for protection of forest and 2 for reforestation, for a total of 1226ha.

Demand

Platanar Hydroelectric Company funds PES for the protection of forests located in the high and upper-middle parts of Rio Platanar.

Intermediary

FONAFIFO is the main intermediary, working closely at local level with CODEFORSA, an experienced forestry NGO.

FUNDECOR, another local forestry NGO is responsible for monitoring and holding the contract with FONAFIFO on behalf of this private agreement.

Facilitator

The local forestry NGO CODEFORSA (CODEFORSA: Forestry Development Commission of San Carlos (*Comisión de Desarrollo Forestal de San Carlos*)) facilitates the deal at the local level, in two ways:

i) CODEFORSA promotes the scheme and identifies potential participants -for these services, Platanar pays CODEFORSA \$1,000/month.

ii) the NGO also offers technical assistance to the interested landowners, dealing with the paperwork and offering *forestry regency* (officially recognized technical advice on management and harvesting programmes, and monitoring of their compliance- see other information section below). A fee is charged for these services, usually a percentage of the payment received (12-18%) of the payments received by the landowners.

CODEFORSA

CODEFORSA's work is done on a personal basis - they know the landowners that might be interested in participating and approach them with the option of participating in the PES scheme; they also advertise on the radio.

Because FONAFIFO's scheme works on a "first come-first served" basis and calls for applications are only made at a specific time of the year, CODEFORSA keeps a "database" of applications ready for the right moment. One of the major achievements of CODEFORSA is a group Forest Stewardship Council (FSC) certification for which they charge 1US\$ha for their management costs (currently only 20 landowners, 1,000ha).



According to CODEFORSA's director, Johnny Mendez, "All the organizations that were living off funding and PES intermediation alone are disappearing: they need to get other funds. CODEFORSA's activities also involve consultancies for forestry activities, technical support to "standard" reforestation projects and they also have their own nurseries". Currently CODEFORSA is working with 300 projects (including reforestation, forest management and agroforestry) and is able to provide 50% of the nationally produced timber.

FUNDECOR, another local forestry NGO is responsible for monitoring and is the organism in charge of upholding the contract with FONAFIFO. (FUNDECOR is the organism that has signed the contract with FONAFIFO on behalf of this private agreement)

MARKET DESIGN

Service

Regulation of flows and reduction of (risk of) sedimentation.

Commodity

Conservation and protection of existing ecosystems through strict protection;
Improved management practices that include sustainable forest management and agroforestry;
Reforestation for commercial purposes
Rehabilitation of riverbanks and steep slopes.

Payment mechanism

Intermediary-based: Platanar pays \$30/ha/yr to FONAFIFO who distributes standard payments to landowners.

Terms of payment

Ongoing cash payments: Platanar contributes with US\$30/ha/year. Providers receive the standard FONAFIFO payments according to the modality of contracts.

Funds involved

Until 2003 the company had invested US\$ 85,000 in the PES scheme.

ANALYSIS OF COSTS AND BENEFITS

Economic

Farmers benefit from payments for the environment services provided by the scheme. HEP company benefits reduced uncertainty regarding the effects of changes in land use on water and sediment flows.

Environmental

There are believed to be positive impacts on water quality as well as transformation of the landscape. However, effects on water quantity (or quality) are not monitored.

Social

The agreement includes environmental education programs and community protection in the areas of influence of the project. This PES has positive effects on local organizing capacity and supports a wide range of jobs associated with the PES and forest products.

Poverty issues: At the time the agreement was set, farmers without legal property rights were not entitled to receive payments through FONAFIFO (but instead receive direct payments from the HEP company). This situation led to changes in the national policy and nowadays landowners without property titles have other ways of accessing FONAFIFO's scheme.

LEGISLATION ISSUES

Set within the national PES scheme.

MONITORING

Monitoring is done by CODEFORSA, using GIS-based systems and field visits.

MAIN CONSTRAINTS

Stakeholders consider PES access procedures time-consuming and complex, with too many requirements and information is not well disseminated.

MAIN POLICY LESSONS

The high value attributed to the positive environmental impacts for the community (the are under PES also protects the water intakes supplying the community downstream) partly explain producers' keenness to participate in PES and their interest to invest the resources obtained efficiently (Rosa et al., 2003). According to Camacho, et al. (2002), in this case PES is not considered to be profitable except for large landowners, or those with land on steep slopes that could be used for nothing else except forestry. For small landowners, the profitability of PES depends on it being used in combination with agriculture, tourism, Non-Timber Forest Products (NTFP) and other activities.

OTHER INFORMATION

Forestry Regency (or Regencia Forestal, in Spanish)

Forest Regents are professional foresters, usually holding university degrees in forestry and part of a professional association of foresters, who take on the government's responsibility of enforcing forest sector regulations. They conduct forest administrative and control tasks and are responsible for managing the forests they are in charge of, being liable to legal prosecuted if illegal acts are proven to take place in the forests under their responsibility.

Duties may include i) technical advice on the planning and implementation of integrated management plans and harvesting programmes, ii) monitoring the compliance of these plans, and iii) issuing transportation tags authorizing timber removal and transportation at the collection points.

Source: *Building institutional capacity for law compliance, Best practices for improving law compliance in the forest sector, FAO Forestry Paper 145. Rome, 2005. Accessed at: <http://www.fao.org/docrep/008/a0146e/A0146E09.htm>*

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LINKS

http://www.codeforsa.org/s_proteccionbosques.php

<http://www.fonafifo.com/paginas/Platanar.htm>

http://www.fundecor.org/transferecia/proyectos_es.shtml