

Payment for Ecosystem Services (PES): The Costa-Rican Experience

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Costa Rica's Forest Law (1996)

- Directly and legally recognizes that forests produce benefits (services) other than the traditionally traded forest products (timber and other traded items)



Costa Rica's Forest Law (1996)

- Indirectly, the law recognizes as well that those benefits are enjoyed by people other than forest owners
 - Urban and rural water consumers
 - Industries
 - Agriculture
 - Tourism



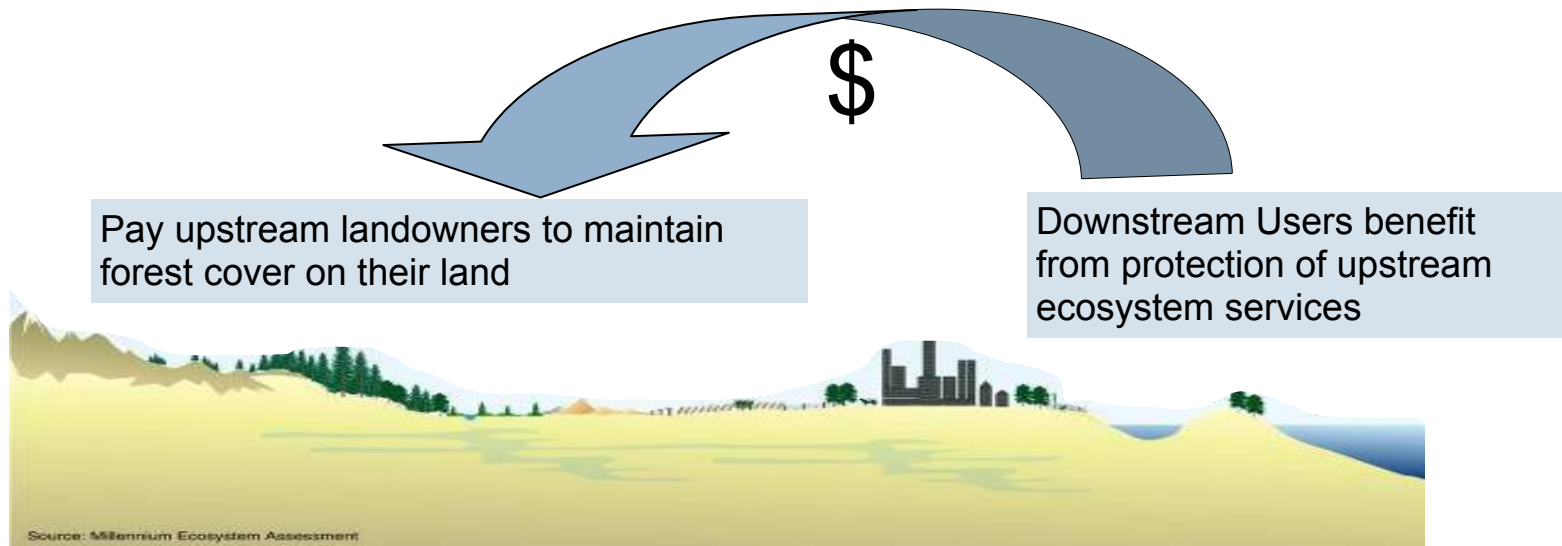
Costa Rica's Forest Law (1996)

- The law recognizes four services provided by forests:
 - Watershed protection
 - Scenic beauty
 - Carbon fixation/
sequestration
 - Biodiversity
Conservation



Costa Rica payment for ecosystem services

- Program established 1997
- By 2004: 463, 000 ha enrolled (8.8% of the country)
- Typical payments: US\$35 to US\$45 per hectare per year



Costa Rica payment for ecosystem services. How is it financed?

- 3.5% tax on fuel
- Voluntary contributions from government owned and private companies (US\$10 to US\$67/ha/year) to be paid to private land owners for
 - Forest Protection
 - Management of Natural Forests
 - Reforestation
 - Management of Watersheds

Key factor for success of PES

- Costa Rican society positively correlates the presence of forest with the supply of hydrological services



As early as 1888, Costa Rica declared a 2-Km wide strip on the sides of the Barva Volcano as state-owned land because the streams and springs that supplied drinking water to several towns had their headwaters on the slopes of the volcano

Empresa de Servicios Públicos de Heredia (ESPH)

- ESPH is the only water company that has included an environmental component in its water tariff to invest in its watersheds (US\$0.04/m³)



Rationale for adoption of PES by ESPH

- To protect groundwater sources through forest conservation where forest already exist, and restore forest cover through reforestation or natural regeneration in some denuded areas



Future Plans

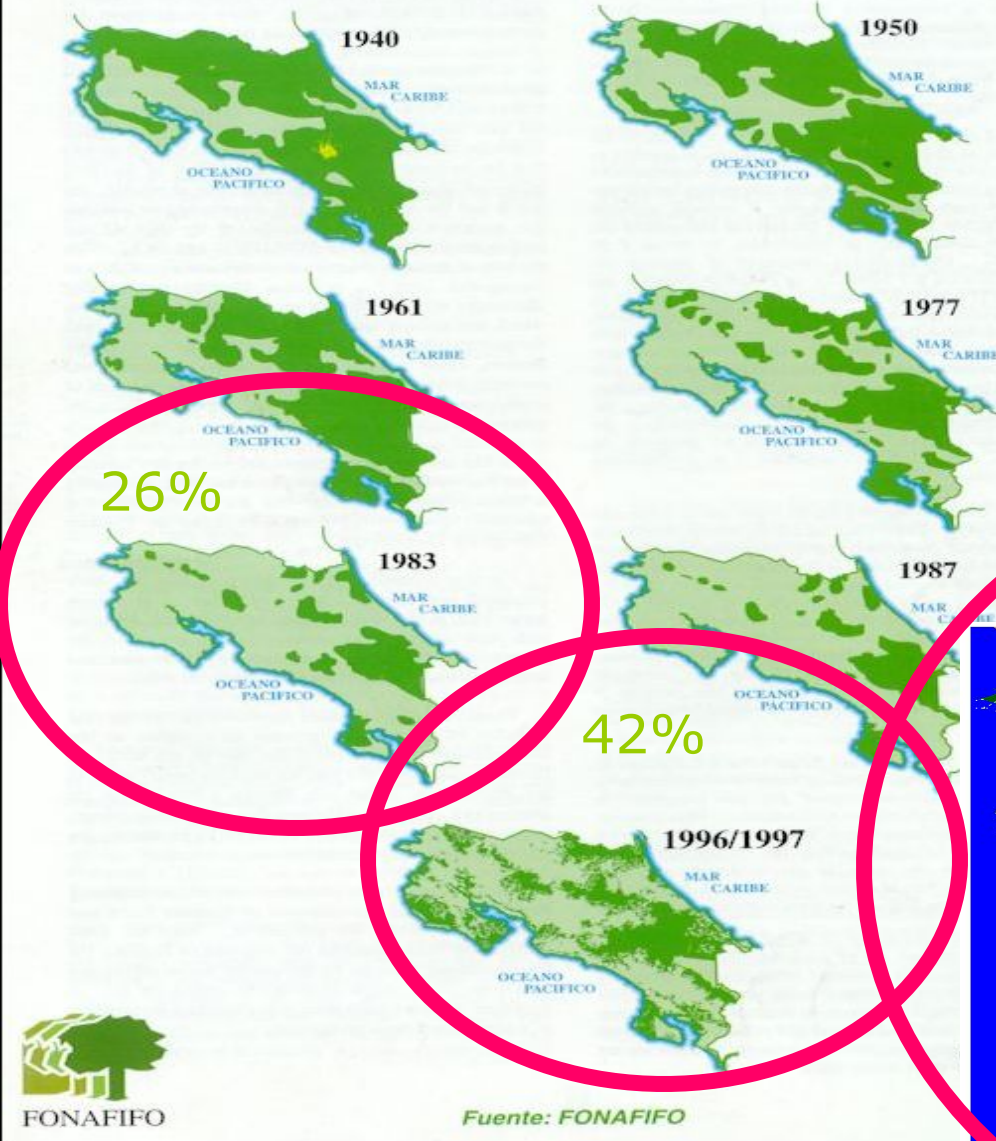
- All public utilities to incorporate a PES into their tariffs, as ESPH does.
 - Water
 - Hydroelectricity



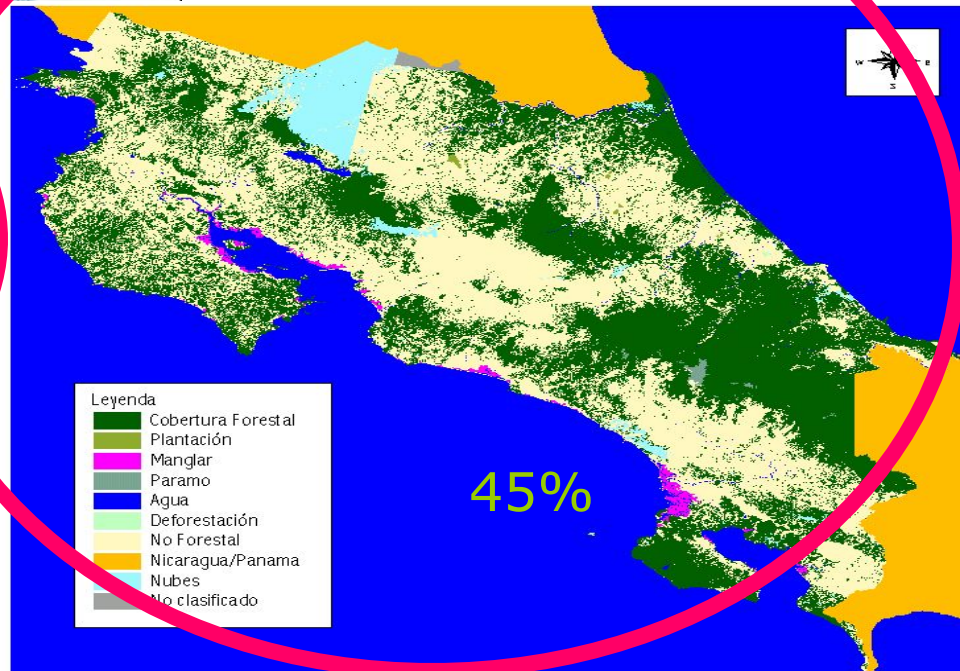
Lessons learned

- The only indicator used in Costa Rica for the effectiveness of PES is the change in forest cover in the specific watershed.
- In Costa Rica it is widely assumed that forests are the best possible land use for hydrological services and therefore forest cover is used as an indirect means of verification.

Cobertura Boscosa Densa (80-100% de cobertura del suelo) en Costa Rica en los años 1940, 1950, 1961, 1977, 1983, 1987, 1996/1997



Year 2000



Lessons learned

- The PES concept in Costa Rica emerged because of the increasing need to find sustainable sources of funding for forest conservation and forestry sector activities.
- It is important to remember that the PES scheme is a tool that is to be combined with many other tools in order to reach a single goal: Conservation of forests and biodiversity.

Merci
beaucoup!

