

# Project Alignment Review

for FONAFIFO's Payment for  
Environmental Services Program

**ANNEX B: Project Alignment Review for FONAFIFO's Payment for Environmental Services Program**

Project Title: Costa Rica's Payment for Environmental Services (PES) Program		
<p>Costa Rica's National Forest Financing Fund (FONAFIFO, acronym in Spanish) was created in 1996 through the Forestry Law, with the a long-term goal to finance afforestation, reforestation, agroforestry systems, and restoration of degraded lands, as well as capacity building and technology changes for forest management, directed to small and medium-size producers through credits and other financing mechanisms. The PES program was established in 1997 by FONAFIFO as an incentive program to compensate small and medium-size producers and landowners, for forest environmental services. This Alignment Review focuses on the results period 2014-15, and while it includes a process to start designing the IP PES modality, it does not include interventions or results from PES in IP territories.</p>		
Review Indicators	Alignment Review	Evaluation / Recommendations
<b>Human Rights</b>		
<i>Key objective: Support universal respect for, and observance of, human rights and fundamental freedoms for all</i>		
<ul style="list-style-type: none"> <li>▪ Measures in place to uphold human rights principles of accountability and rule of law, participation and inclusion, and equality and non-discrimination</li> <li>▪ No activities undertaken that may contribute to violations of a State's human rights obligations and the core international human rights treaties</li> </ul>	<ul style="list-style-type: none"> <li>▪ Costa Rica under the Rule of Law, submits the authority and its citizens to the supremacy of the Constitution, guaranteeing the subjection of public powers to the legal order and the effectiveness of all human rights. Several bodies exist to ensure implementation of constitutional provisions such as the Constitutional Jurisdiction Law and the Constitutional Chamber whose objective is "to guarantee the supremacy of the constitutional norms and principles and of the International or Community Law in force in the Republic ... "(Art. 1, LIC).</li> <li>▪ The PES program regulated under the 1996 Forestry Law, which is fully aligned with Costa Rica's Constitution.</li> <li>▪ The main objective of the of the PES program is to provide incentives to small and medium producers and landowners to conserve, protect and better manage Costa Rica's forests. The program is voluntary, and open to a broad number of stakeholders (17,3380 PES agreements are in place since 1997). Thanks to it forest cover has returned to over 50 per cent of the country's land area, from a low of just over 20 per cent in the 1980s. Costa Rica's PES program is considered to have balanced principles equity, effectiveness and low implementation costs.</li> <li>▪ The PES characteristics to 'fit' the international forest conservation agenda, as well as the realities of Costa Rica's landscape and people, and a mix of policies all playing out at once and has been including modifications</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

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	<p>for improving through time in response to demands from beneficiaries, in particular indigenous peoples.</p> <ul style="list-style-type: none"> <li>Grievances submitted to date show no concerns expressed about human rights violations.</li> </ul>	
<b>Gender Equality and Women’s Empowerment</b>		
<i>Key objective: Promote gender equality and women’s empowerment</i>		
<ul style="list-style-type: none"> <li>Activity does not discriminate against women or girls or reinforce gender-based discrimination</li> <li>Activity designed in gender responsive manner (e.g. address both women’s and men’s needs, interests and concerns)</li> <li>Equitable access to opportunities, benefits, and resources</li> <li>Meaningful and equitable participation of women and men</li> </ul>	<ul style="list-style-type: none"> <li>Access to the traditional PES scheme in Costa Rica is granted based on land-tenure rights. Given that 84.3% of land is owned by men, 15% of farms are owned by women, and most of them are small farmers (under 10ha), where only 8% receives technical assistance and training, the PES reproduced existing discrimination against women, especially regarding participation in design and implementation or access to opportunities and benefits of the project. Similarly, PES in indigenous territories, generated risks of unequal distribution of benefits, negatively affecting women.</li> <li>Recognizing this, the PES program since 2010 included an objective to increase women beneficiaries of the program. During 2014 women participation increased by 49% compared to 1997.</li> </ul>	<p><u>Evaluation:</u> Satisfactory result – Project falls short of covering key objectives of UNDP SES, but the positive alignment dominates. Gaps identified are covered by the gender action plan.</p> <ul style="list-style-type: none"> <li>When initially designed in 1997 the PES program did not promote gender integration. However, since 2010 and recognizing that the program could reproduce existing discrimination against women linked to land-tenure rights, specific objectives and activities to increase women participation were put in place.</li> <li>The detailed gender action plan includes the creation of a specific fund to develop productive activities directed to women beneficiaries.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>Secure human and financial resources for the full implementation of the gender action plan including monitoring and evaluation against the baseline already developed (that includes data disaggregated by sex and other relevant parameters) <ul style="list-style-type: none"> <li>In addition, and given that from the three PES modalities, the PES for agroforestry system (SAF PES) is the most conducive to empower women participation, expansion this modality should be prioritized.</li> </ul> </li> </ul>

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		<ul style="list-style-type: none"> <li>The project should elaborate a targeted gender assessment for its activities following the provisions of the gender action plan that will identify additional Gender-responsive Actions and indicators to ensure that the PES addresses the GAP's proposed measures in the updated operations manual to ensure that conditions to access PES scheme are diversified and include gender-sensitive elements to ensure that women can benefit from PES benefits without the requirement of land titles.</li> </ul>
<p><b>Social and Environmental Assessment and Management</b></p>		
<p><i>Key objective: Potential social and environmental risks and impacts are identified, assessed and managed, and monitored</i></p>		
<ul style="list-style-type: none"> <li>Systematic process in place to identify, asses, mitigate and manage potential social and environmental risks and impacts</li> <li>Assessment and management conducted in manner proportionate to significance of risks</li> <li>Impact mitigation measures follow mitigation hierarchy</li> <li>Mitigation measures monitored in manner proportionate to risks and corrective actions are taken as required</li> </ul>	<ul style="list-style-type: none"> <li>In 2015 Costa Rica carried out a full Social and <a href="#">Environmental Strategic Analysis</a> (SESA) and the corresponding <a href="#">ESMF</a><sup>1</sup> for the complete national REDD+ strategy in the context of the formulation of the ERPA with the FCPF Carbon Fund. These documents analyze in detail potential adverse impacts and benefits all the proposed policies and measures (PAMs), including the PES, and resulted in the formulation the necessary management plans including an Indigenous Peoples Management Plan, and a Gender Action Plan.</li> <li>The summary of information on safeguards includes a section on respect to safeguards providing evidence of regulations and provisions that were in place during the implementation of the PES and early implementation of</li> </ul>	<ul style="list-style-type: none"> <li>Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

<sup>1</sup> The 2015 ESMF was further updated between 2018 and 2019 and the final version will be published in early 2020.

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	the national REDD+ strategy, vis-à-vis the seven REDD+ Cancun safeguards.	
Stakeholder Engagement		
<p><i>Key objective: Promote effective stakeholder engagement throughout the project-cycle</i></p>		
<ul style="list-style-type: none"> <li>▪ Stakeholders and engagement process identified</li> <li>▪ Stakeholders, in particular project-affected groups, involved in planning, implementation, monitoring</li> <li>▪ Vulnerable or disadvantaged groups identified and consulted</li> <li>▪ Stakeholders views taken into account and considered in project design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Incrementally throughout time since 1997, The PES design and implementation became highly participatory, involving national, regional and local stakeholders, relevant government agencies, the private sector, indigenous peoples and <i>campesino</i> organizations, NGOs, and universities.</li> <li>▪ A complete <a href="#">stakeholder mapping and analysis</a> was carried out in July 2013, identifying all groups that should be involved in planning, implementation and monitoring.</li> <li>▪ Between 2013 and 2014, FONAFIFO along with CATIE developed a program of cultural mediators<sup>2</sup> that spoke native indigenous languages, and which were selected by territorial authorities. This program included 150 cultural mediators that carried out the following activates: i) delivering information about the NRS and PES in culturally appropriate ways ii) gather their recommendations and proposals to be considered as part of the “pre-consultation” process.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

<sup>2</sup> See Systematization of the [Free, Prior and Informed Consent process for REDD+ in Costa Rica](#) [INSERTAR LINK](#)

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	<ul style="list-style-type: none"> <li>During 2012-2015 and under the 'pre-consultation' process for REDD+ in Costa Rica over 180 stakeholder engagement activities were carried out in the country, including townhall meetings, information and capacity building workshops, and analysis of proposals by the regional territorial groups (BTR acronym in Spanish), in order to review the PES modalities so they better respond to indigenous peoples taking in account their customary views, and resulting in special modality for PES for indigenous peoples in implementation since 2016.</li> </ul>	
<i>Key objective: Ensure stakeholders have access to relevant and timely information</i>		
<ul style="list-style-type: none"> <li>Information on project opportunities and risks disclosed in timely, accessible, appropriate manner, language, form</li> <li>Environmental/social reviews and assessments disclosed</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and disclosure are required by Costa Rica's national's legislation for all government implemented programs and projects.</li> <li>FONAFIFO includes in its website up to date statistics (including the years 2014 and 2015) on the following parameters: number of PES contracts disaggregated by gender, number of PES contracts for the different modalities of PES (hydrological resources, conservation, biodiversity, agroforestry), PES contracts benefiting indigenous peoples, budget and expenditures, and requests to participate on the program.</li> <li>As required by Costa Rica's Environmental Laws (<i>Ley Orgánica del Ambiente</i> N° 7554 From November 13, 1995) competency and procedures to ensure compliance of social and environmental policies and standards through the <a href="#">National Technical Environmental Secretariat</a> (SETENA). The purpose of</li> </ul>	<ul style="list-style-type: none"> <li>Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

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	<p>this secretariat is to analyze environmental impact of human activities on the environment and point to the mechanisms to minimize them, as well as the guarantee for their compliance. All environmental/social assessments for State and private developers' projects are made public in SETENA's website.</p> <ul style="list-style-type: none"> <li>▪ In 2013, recognizing that the PES should be subjected to special consultation with indigenous peoples, during the pre-consultation process, indigenous peoples were consulted in a culturally appropriate manner through</li> <li>▪ As per Costa Rica's law the PES program does not require environmental and social assessment</li> </ul>	
<i>Key objective: Ensure stakeholders may communicate project concerns</i>		
<ul style="list-style-type: none"> <li>• Stakeholders have access to effective grievance redress mechanism or process</li> </ul>	<ul style="list-style-type: none"> <li>▪ General grievances to projects and programs implemented by the government, included the PES are processed and managed through the Office of the Comptroller (<i>Contraloría</i> in Spanish)</li> <li>▪ Since 1997, and improving through time FONAFIFO has received, processed and responded to grievances related to the implementation of their programs including the PES</li> <li>▪ Since 2010 all grievances related to the PES are recorded, monitored (including in resolution), and managed. This system is functioning since then, although there was a gap in 2013 due to lack of resources for personnel.</li> <li>▪ Since 2014 the Comptroller Office is fully equipped to receive and process grievances. Grievances are received via phone, special form in the webpage, and in-person visits to FONAFIFO's office.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

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	<ul style="list-style-type: none"> <li>Since 2014 there is full disclosure of the grievances received including number of grievances, status (in process, resolved), and subject of each grievance. For example, in 2014, the system recorded 6 grievances, 100% were resolved, and they were related to: Delays on payments, excess paperwork and requirements in pre-application, awkward location for of the San José Oriental Regional Office, and uncomfortable conditions in the regional office of Pococí.</li> </ul>	
<p><b>Biodiversity and Sustainable Natural Resource Management</b></p> <p><i>Key objectives: Conserve biodiversity. Maintain and enhance benefits of ecosystem services</i></p>		
<ul style="list-style-type: none"> <li>Adverse impacts (direct and indirect) to natural resources, biodiversity, ecosystem services identified, assessed, mitigated and managed</li> <li>No conversion of natural forests</li> <li>No measurable adverse impacts to critical habitats</li> <li>Adverse impacts to other habitat types avoided, minimized and managed</li> <li>No reduction in endangered species</li> <li>No introduction of known invasive species</li> </ul>	<ul style="list-style-type: none"> <li>Costa Rica has a series of instruments to promote protection of natural forests and biological diversity. Organic Law of Environment 7554 responds to Articles 50 and 140 of the Political Constitution of Costa Rica. Article 48 of this law establishes the obligation of the State to conserve, protect and administer forest resources and regulates the production, exploitation, industrialization and promotion of these resources, guaranteeing their sustainable use</li> <li>The PES program was designed under the abovementioned legal and policy framework, and was designed with the objective of contributing to the conservation of biodiversity, implementation of the forestry law, and strengthening of the national protected area system</li> </ul> <p>Implementation of the PES program did not result in any adverse impacts to natural forests, critical habitats, endangered species, etc.</p> <p>PES Manual and the rules for granting reforestation PES highlighting the following provisions:</p>	<ul style="list-style-type: none"> <li>Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Reforestation PES are only granted in “areas that present high productive potential or that correspond to the establishment of native species as stated by Executive decree N° 25663-MINAE/ 1996 and N° 25700-MINAE/ 1996.</li> <li>▪ In the reforestation and SAF projects in their different sub-activities, the technical study that is carried out by a forest regent they must justify the species to be used, indicate the area of each species, type of arrangement and its specific silvicultural management, the origin of the seeds and the vegetative material used , seek the use of improved genetic material, tolerant to pests and diseases if any; the forest nursery must be certified by the ONS.</li> <li>▪ The Forest regent has to certify that the area for the project is suitable, this includes elements to prevent adverse effects on biodiversity.</li> <li>▪ Annually, forest regency reports and re-measurements of plots have to be re-measured and information submitted to FONAFIFO.</li> <li>▪ Special provisions for Reforestation projects that include threatened species or under extinction, in compliance with specific mandates on the matter: Decree N° 25663-MINAE and Decree N° 25700-MINAE.</li> <li>▪ Provisions under section 34.2 on pests, fires and other illnesses. Include a void to implement reforestation PES in areas that have history of terminated contracts due to plagues or fire where associated to negligence in the following 3 years. Also include specific elements that must be analyzed by forest regents to identify possible ill trees in the project. Moreover, Annex 16 of the manual includes special provisions and guidance for</li> </ul>	

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	reforestation projects with Melina, on how to manage and control the fungus Nectria Sp,, as well the implications on the reforestation contract when the illness is presented.	
<i>Key objective: Promote sustainable management of living natural resources (e.g., forestry, agriculture, livestock, fisheries)</i>		
<ul style="list-style-type: none"> <li>▪ Ensure sustainable resource management that protects biodiversity and ecosystem services</li> <li>▪ Appropriate industry-specific sustainable resource production/management practices applied, including credible certification systems where appropriate</li> <li>▪ Sustainable practices supported for small-scale producers</li> <li>▪ Equitable benefit sharing arrangements reached for utilization of genetic resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Forestry Law under which the PES program was established prohibits the cutting or use of forests in national parks, biological reserves, mangroves, protected areas, wildlife refuges and forest reserves owned by the State (Art. 1) and on the other hand Art. 19 establishes a Total prohibition to change the use of forest land: "On forest-covered land, it will not be allowed to change the use of the land, nor establish forest plantations."</li> <li>▪ The PES developed instruments for the recognition of environmental services of mitigation of greenhouse gas emissions (fixation, reduction, sequestration, storage and absorption), protection of water for urban, rural or hydroelectric use, protection of biodiversity to conserve it and sustainable, scientific and pharmaceutical use, research and genetic improvement, protection of ecosystems, ways of life and natural scenic beauty for tourism and scientific purposes</li> <li>▪ The PES program was specifically created to improve access to financial resources to small and medium-scale producers, including indigenous peoples and local communities</li> <li>▪ Under the improved PES modality for indigenous peoples designed in 2015 and upon request of the indigenous peoples consulted, there are special provisions for equitable benefit sharing and benefit distribution plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid.</li> </ul>
<b>Climate Change Mitigation and Adaptation</b>		

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<i>Key objective: Ensure projects sensitive to climate change risks</i>		
<ul style="list-style-type: none"> <li>▪ Project components reviewed for sensitivity and vulnerability to potential climate change</li> <li>▪ Social and gender risks and differentiated impacts related to climate change addressed</li> </ul>	<ul style="list-style-type: none"> <li>▪ The PES program is aligned with Costa Rica's climate change objectives and the Paris Agreement. It supports the implementation of the NDC, and it was designed to recognize of environmental services of mitigation of greenhouse gas emissions (fixation, reduction, sequestration, storage and absorption)</li> <li>▪ In the analysis of the PES objectives and outcomes, climate change is identified as risk in achieving a strategy for implementation of its different modalities</li> <li>▪ The PES program under all modalities contributes to enhance resilience, climate change mitigation and adaptation. It's contributions to Costa Rica's climate change mitigation are reflected in the country's GHG inventories</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>
<i>Key objective: Reduce project-related GHG emissions</i>		
<ul style="list-style-type: none"> <li>• Feasible alternatives considered and adopted for reducing project-related greenhouse gas emissions (GHGs)</li> </ul>	<ul style="list-style-type: none"> <li>▪ The PES program explicitly addresses reduction of GHG by increasing forest areas, areas under improved forest management and agroforestry systems, and areas with more connectivity, therefore contributing to the implementation of the National REDD+ Strategy.</li> <li>▪ According to Costa Rica's forest monitoring system, over 9% of all GHG Emission Reductions in Costa Rica is estimated to come from the implementation of the PES program during 2014 and 2015.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<b>Community Health, Safety and Working Conditions</b>		
<i>Key objective: Avoid adverse health and safety impacts</i>		
<ul style="list-style-type: none"> <li>▪ Risks to communities and workers from construction and other interventions prevented or minimized and managed</li> </ul>	<ul style="list-style-type: none"> <li>▪ The project activities did not pose any risks to communities or workers due to construction or other interventions</li> </ul>	<ul style="list-style-type: none"> <li>▪ This UNDP SES does not apply in the case of this project</li> </ul>

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<ul style="list-style-type: none"> <li>▪ Measures adopted to prevent or minimize health risks and spread of infectious disease</li> </ul>		
<i>Key objective: Respect and promote workers' rights</i>		
<ul style="list-style-type: none"> <li>▪ Measures in place to promote non-discrimination, equal opportunity and fair treatment of workers</li> <li>▪ No use of forced labor or child labor, consistent with relevant ILO conventions</li> </ul>	<ul style="list-style-type: none"> <li>▪ The project activities did not pose any risks to workers' rights</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<i>Key objective: Provide safe and healthy working conditions</i>		
<ul style="list-style-type: none"> <li>• Measures adopted to ensure healthy and safe working conditions</li> </ul>	<ul style="list-style-type: none"> <li>▪ The project activities did not pose any risks to safe and healthy working conditions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<b>Cultural Heritage</b>		
<i>Key objective: Protect, manage, conserve cultural heritage</i>		
<ul style="list-style-type: none"> <li>▪ Cultural heritage protected from adverse risks and impacts</li> <li>▪ Qualified experts utilized for risk management and conservation</li> <li>▪ Chance find procedures in place</li> </ul>	<ul style="list-style-type: none"> <li>▪ PES activities do not pose any risk to cultural heritage. To the extent that PES area overlaps with an area containing tangible cultural heritage, or of importance to the protection of non-tangible cultural heritage (like traditional knowledge or practices) – arguably, the fact that it is within an area of conservation only provides greater protection for the same</li> <li>▪ With respect to non-tangible cultural heritage like traditional knowledge or practices, IPs cultural heritage and traditions related to sacred and secular/economic significance of forest, water and other natural resources, formed the basis of the special PES program for indigenous peoples designed in 2015</li> <li>▪ Costa Rica's national legislation includes the Law on National Archaeological Heritage N° 6703 December 28/ 1981, includes the obligation to communicate to the relevant authority the discovery of any object of</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good level of alignment, in line with key objectives of UNDP SES, without significant shortcomings.</li> </ul>

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Costa Rica's National Forest Financing Fund (FONAFIFO, acronym in Spanish) was created in 1996 through the Forestry Law, with the a long-term goal to finance afforestation, reforestation, agroforestry systems, and restoration of degraded lands, as well as capacity building and technology changes for forest management, directed to small and medium-size producers through credits and other financing mechanisms. The PES program was established in 1997 by FONAFIFO as an incentive program to compensate small and medium-size producers and landowners, for forest environmental services. This Alignment Review focuses on the results period 2014-15, and while it includes a process to start designing the IP PES modality, it does not include interventions or results from PES in IP territories.		
Review Indicators	Alignment Review	Evaluation / Recommendations
	archaeological interest as well as the obligation of developers to suspend any work/construction when archaeological artifacts are discovered. It will be the obligation of the owner, to preserve all the goods as historical cultural heritage found in in the property where the project is being developed	
<i>Key objective: Promote equitable benefit sharing from utilization of cultural heritage</i>		
<ul style="list-style-type: none"> <li>• Inform affected communities of rights and proceed only if good faith negotiations provide for fair and equitable benefit sharing</li> </ul>	<ul style="list-style-type: none"> <li>▪ The PES program does not contemplate any utilization of cultural heritage, hence no benefit sharing provisions are in place</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<b>Displacement and Resettlement</b>		
<i>Key objectives: Avoid adverse impacts from land or resource acquisition or restrictions on land/resource use. Minimize adverse impacts where avoidance not possible.</i>		
<ul style="list-style-type: none"> <li>▪ Measures in place to avoid, and where avoidance is not possible, minimize and mitigate physical or economic displacement from land or resource acquisition or restrictions on land or resource use</li> <li>▪ Any displacement activities carried out in fully participatory manner</li> </ul>	<ul style="list-style-type: none"> <li>▪ As participation on the PES program is voluntary, no physical or economic displacement occurred as a result of the PES since 1997</li> </ul>	<ul style="list-style-type: none"> <li>▪ This UNDP SES does not apply in the case of this project</li> </ul>
<i>Key objective: Recognize and respect the prohibition on forced evictions</i>		
<ul style="list-style-type: none"> <li>• No forced evictions, allowing evictions only in exceptional circumstances meeting lawful criteria</li> </ul>	<ul style="list-style-type: none"> <li>▪ No physical or economic displacement occurred as a result of the PES implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<i>Key objective: Enhance or at least restore livelihoods of all displaced persons, and improve living standards of displaced poor and other vulnerable groups</i>		
<ul style="list-style-type: none"> <li>• Livelihoods of any displaced persons enhanced or at least restored through compensation at full replacement costs and other assistance</li> </ul>	<ul style="list-style-type: none"> <li>▪ No physical or economic displacement occurred as a result of the project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<b>Indigenous Peoples</b>		
<i>Key objective: Recognize and foster full respect for indigenous peoples' human rights</i>		

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Review Indicators	Alignment Review	Evaluation / Recommendations
<ul style="list-style-type: none"> <li>▪ Indigenous peoples' rights recognized and protected</li> <li>▪ No actions supported that violate indigenous peoples' rights</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indigenous peoples' rights are recognized under the following laws and agreements in Costa Rica: The Law of Biological Diversity No. 7788, Indigenous Law 6172 of 1977, "Regional Agreement for the Management and Conservation of Natural Forest Ecosystems and the Development of Forest Plantations" and IP rights in regard to environmental programs</li> <li>▪ However, in the social area, the lack of regulation of the ratification laws of some of these instruments such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "Convention No. 169 on Indigenous and Tribal Peoples in Independent Countries of the International Labor Organization (ILO) ", has generated a procedural vacuum and in practice it has not been possible to institutionalize and implement it completely.</li> <li>▪ The objectives of the PES program in Costa Rica in its latest phases and during 2014 and 2015 through the design of a special PES program in Costa Rica aimed to strengthen and provide positive incentives for environmental and territorial management in indigenous territories by indigenous peoples (IP) based on IP cultural values and traditions, and to consolidate their territories as essential protected areas for the conservation of forest ecosystems.</li> </ul>	<p><u>Evaluation:</u> Satisfactory result – Project falls short of covering key objectives of UNDP SES, but the positive alignment dominates. Gaps identified are covered by the indigenous peoples' action plan.</p> <ul style="list-style-type: none"> <li>▪ When initially designed in 1997 the PES program did not have special provisions for indigenous peoples. However, since 2010 and recognizing the need of a PES modality specially adapted for indigenous peoples, the PES for IP was designed in 2015</li> <li>▪ The detailed indigenous peoples action plan summarizes the agreements for the PES implementation requested by IPs in the consultation process and includes provisions for implementing the PES in full alignment with indigenous peoples' views and customary law. It also includes provisions in terms of cultural heritage</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>▪ Secure human and financial resources for the full implementation of the indigenous peoples' action plan including monitoring and evaluation against the baseline already developed.</li> <li>▪ Follow implementation of the regulation of the National Consultation Law for Indigenous peoples</li> </ul>
<p><i>Key objective: Ensure projects designed in partnership with full, effective indigenous peoples' participation, and securing FPIC where IP rights, lands, resources, territories of traditional livelihoods affected</i></p>		
<ul style="list-style-type: none"> <li>▪ Culturally appropriate meaningful participation undertaken for all activities that affect indigenous peoples</li> </ul>	<ul style="list-style-type: none"> <li>▪ During the pre-consultation process in 2010, IPs requested the development of a mechanism for consultation for REDD+ including PES for indigenous peoples</li> </ul>	<ul style="list-style-type: none"> <li>▪ <u>Evaluation:</u> Satisfactory result – Project falls short of covering key objectives of UNDP SES, but the positive alignment dominates. Gaps identified are covered by the indigenous peoples' action plan</li> </ul>

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Review Indicators	Alignment Review	Evaluation / Recommendations
<ul style="list-style-type: none"> <li>▪ Free Prior and Informed Consent (FPIC) obtained for activities that affect the rights, interests, lands, resources, territories, traditional livelihoods of affected indigenous peoples</li> <li>▪ No relocation of indigenous peoples without FPIC and only after just and fair compensation, with option of return where possible</li> </ul>	<ul style="list-style-type: none"> <li>▪ Between 2014 and 2015, the design of the special PES program for indigenous peoples, was carried out under a broad participatory process and following FPIC principles for its design, provisions and special conditions in relation to the conventional PES</li> <li>▪ FONAFIFO established partnerships with a large number of regional and local indigenous organizations that were actively involved in special PES program for indigenous peoples' design, implementation and monitoring</li> <li>▪ The PES program under all of its modalities since 1997 to date has not resulted in the relocation of indigenous peoples</li> </ul>	<ul style="list-style-type: none"> <li>▪ The pre-consultation process with IPs resulted in the Government's issuing in 2018 the Executive Directive No. 40932 "Construction of the Mechanism for Consultation of Indigenous Peoples with the objective of defining a consultation mechanism of decisions that may affect the rights of Indigenous Peoples under the principle of Free, Prior and Informed Consent.</li> <li>▪ As long as the aforementioned Mechanism of Consultation does not enter into force, there is in the decree a transitory article that allows the processes carried out before the date of publication, to continue the actions that were being carried including the National REDD+ Strategy, and its PAMS including n the expansion of PES.</li> </ul> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>▪ Secure human and financial resources for the full implementation of the indigenous peoples' action plan including monitoring and evaluation against the baseline already developed.</li> <li>▪ Follow implementation of the regulation of the National Consultation Law for Indigenous peoples</li> </ul>
<p><i>Key objective: Promote greater indigenous peoples' control and management of developments affecting their lands and resources, aligning with their visions and priorities</i></p>		
<ul style="list-style-type: none"> <li>• Measures recognize indigenous peoples' collective rights to own, use, develop, control lands, resources, territories they have traditionally owned, occupied, otherwise used or acquired</li> </ul>	<ul style="list-style-type: none"> <li>▪ The special PES program for indigenous peoples recognizes indigenous territories as areas of effective conservation and protection of biological diversity, managed by IPs and including sustainable use of resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>
<p><i>Key objective: Avoid adverse impacts, mitigate residual impacts, ensure just equitable benefits and opportunities in a culturally appropriate manner</i></p>		

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Review Indicators	Alignment Review	Evaluation / Recommendations
<ul style="list-style-type: none"> <li>▪ Adverse impacts on indigenous peoples are avoided, and where avoidance is not possible, minimized and mitigated</li> <li>▪ Measures in place to ensure equitable benefit sharing from project activities in culturally appropriate manner</li> </ul>	<ul style="list-style-type: none"> <li>▪ The PES does not contemplate, nor has it identified adverse impacts on indigenous peoples as long as the conditions and parameters of PES are implemented in good faith (i.e. all is voluntary, in accordance with their forms of decision-making, through their representative institutions, and based on relevant materials and information previously disclosed to ensure informed decision-making by the community or peoples in question). Evidence received to date demonstrates that these parameters have been implemented in good faith.</li> <li>▪ The special PES program for indigenous peoples designed in full consultation with indigenous peoples between 2014 and 2015 provided equitable benefit sharing by actually prioritizing a program with special provisions for indigenous peoples.</li> <li>▪ Under all PES modalities, the benefits provided to all landowners (individuals and collectives) are distinguishable based on land size, not the identity (or cultural identity) of the owner –whether a single or collective, whether indigenous or non-indigenous.</li> <li>▪ For special PES program for indigenous people, benefits are distributed/shared in a culturally appropriate manner if viewed in the context that it is the indigenous peoples and communities themselves that decide, in a self-determined manner, on what they want to spend their incentives. They decide their development priorities – conservation, health, cultural preservation initiatives, education etc.</li> </ul>	<p><u>Evaluation:</u> Satisfactory result – Project falls short of covering key objectives of UNDP SES, but the positive alignment dominates. Gaps identified are covered by the design and approval special PES program for indigenous peoples in 2016.</p> <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>▪ Secure human and financial resources for the full implementation of the special PES program for indigenous peoples as agreed with them and monitor the results and impacts according to the monitoring and evaluation plan.</li> </ul>
<b>Pollution Prevention and Resource Efficiency</b>		
<i>Key objective: Avoid/minimize adverse impacts on human health and environment from pollution</i>		

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Review Indicators	Alignment Review	Evaluation / Recommendations
<ul style="list-style-type: none"> <li>▪ Measures in place to avoid, minimize and mitigate risks posed to human health and the environment from pollutants, wastes, and hazardous materials</li> <li>▪ Integrated Pest Management (IPM) approaches utilized to reduce reliance on synthetic pesticides.</li> <li>▪ Least toxic effective pesticides utilized and pesticides handled per FAO Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>▪ No project activities posed risks to human health or the environment due to pollutants, wastes or hazardous materials</li> </ul>	<ul style="list-style-type: none"> <li>▪ This UNDP SES does not apply in the case of this project</li> </ul>
<p><i>Key objective: Promote more sustainable use of resources, including energy, land and water</i></p>		
<ul style="list-style-type: none"> <li>▪ Feasible measures implemented to improve efficiency in consumption of inputs (e.g. raw materials, energy, water)</li> <li>▪ Use of water resources does not adversely impact others or sensitive ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>▪ No project activities posed risks to efficient consumption of inputs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ibid</li> </ul>