



# **SOUTH-SOUTH EXCHANGE**

**ON PAYMENTS FOR ECOSYSTEM SERVICES  
TO WASHINGTON D.C. AND COSTA RICA**





## FOREWORDS

### **Miguel Ángel Rodríguez, Former President of Costa Rica**

Payments for Ecosystem Services transformed Costa Rica from a high-deforestation country in the 1980s to a country of more than 50 percent forest cover, a growing population, and a growing economy. Implementing such a policy was a big step towards sustainable development and towards protecting our natural capital that is valuable to us, to our economy, and to the world. We achieved this progress partly by providing positive incentives to those who protect, and charging those who destroy nature, thereby bringing about a change in the mindset of our population. As a Costa Rican, and as former President of the Republic, I congratulate Rwanda for considering taking a similar path as a pioneer in Africa, and to learn from the lessons we are able to share. I hope that this visit has inspired the participants from Rwanda in enhancing their conservation efforts. I am grateful by their visit and their interest on what Costa Rica has done for nature and people.

**Miguel Ángel Rodríguez**



## Dr. Edgar Guitérrez, Minister of Environment and Energy, Costa Rica and President of the 2017 UN Environment Assembly

Costa Rica's path to a green economy and thriving population began in the 1980s with the implementation of a national Payments for Ecosystem Services policy. The successes of this are widely known, but it required extensive planning and collaboration across a range of stakeholders. Several decades later, Costa Rica aims to become a green hub for testing innovative sustainability initiatives and sharing our knowledge with the world. As such, it was my sincere pleasure to welcome the Government of Rwanda in a recent South-South exchange to Costa Rica. It is truly inspiring to see other countries move towards valuing nature for the ecosystem services it provides, as well as for its contribution to a nation's economy. We are open and keen to continue engaging with Rwanda and to share our knowledge and expertise, while also learning from their applied experience as well.

*Edgar Guitérrez*



**Dr. Edgar Guitérrez**



## EXECUTIVE SUMMARY

The Gaborone Declaration for Sustainability in Africa (GDSA) is an agreement among 12 African countries to make progress towards sustainable development. As part of the objectives of the GDSA, the signatory countries have committed to exploring sustainable production whilst protecting their natural habitat. One mechanism for implementing this commitment is through the implementation of Payments for Ecosystem Services (PES). Therefore, following a GDSA road show in Kigali, Rwanda, in 2015, Conservation International (CI), acting as the Secretariat of the GDSA, secured funding to carry out work on PES in Rwanda, and assess if and how to best assist the Government of Rwanda to implement a PES scheme in their country.

As part of this work, in June 2017, the Secretariat for the GDSA, in conjunction with CI and the International Union for the Conservation of Nature (IUCN) hosted a high-level South-South Exchange on PES to Washington, D.C. and Costa Rica. The aim of this exchange was to expose Government and non-Government officials of Rwanda to successful implementation of PES, ensuring learning on the institutional, policy and legal processes that enabled such a program. Two Government officials from South Africa also joined the South-South Exchange as GDSA ambassadors, thereby facilitating cross-continental learning.

The South-South Exchange took place between June 26 and July 2, 2017. It was an intense one-week program, entailing a day at Conservation International's headquarters in Washington D.C., where the delegation was welcomed by the CEO of CI, and learnt more about CI's work in relation to PES, and within Rwanda. The remainder of the week was spent in Costa Rica and included high-level meetings in San José with the former President of Costa Rica Miguel Ángel Rodríguez, Guillemos Zuñiga, the former Minister of Finance, and the current Minister of Environment and Energy, Dr. Edgar Guitérrez. The final three days were spent in the field to see PES in action, and to learn about the challenges and benefits of implementing PES.



Specifically, the objectives for the exchange were:

1. To provide a solid information base on various topic relevant to PES from experts in the CI headquarters in Washington D.C.;
2. To expose the delegation to the institutional structures and financial mechanisms that Costa Rica has developed for implementing national conservation policies, as well as the role of the government in guiding this process;
3. To expose the delegates to the research, valuation techniques, and job creation programs for PES and the economics of natural capital; and
4. To expose participants to the political and institutional processes to implement innovate solution to landscape management.

The overall outcome of the trip was extremely positive, with a clear commitment by CI and IUCN to continue to work with the Government of Rwanda to make progress on PES and related initiatives. In Rwanda, work by CI - in partnership with IUCN - is on-going, and we look forward to continue working with the Government of Rwanda and Costa Rica and other stakeholders in assisting Rwanda in enhancing sustainable development whilst protecting its natural capital.



Figure: The GDSA member countries including the original signatories, and countries that joined at a later date.





## TRIP AND MEETING NOTES

### Day 1 (June 26): Conservation International Headquarters

The South-South Exchange commenced with a day at the Conservation International (CI) headquarters in Washington, D.C. (USA). The delegation was personally welcomed by CI's CEO M. Sanjayan, who addressed them in a half-hour welcome meeting. In this session, Sanjayan provided an overview of CI's history, and re-stated CI's commitment to work collaboratively in Africa to assist countries in protecting their natural capital, whilst developing on a sustainable path. It is the first time a high-level Government delegation travelled to CI's HQ under the GDSA, and therefore marked a special occasion.

After introductions by each delegation member, the program entailed presentations by the following senior CI staff on their respective topics:

- Presentation by Senior Director of Peace and Development Partnerships, Janet Edmond, on the Policy Center and its program of work with Africa and GDSA.
- Presentation by Head of Climate Strategy, Shyla Raghav, on CI's climate strategy, nature-based solutions, and Ecosystem-based Adaptation (EbA).
- Presentation by Director of CI's Rapid Assessment Program, Trond Larsen, on natural capital accounting and conceptual links to PES in the African context.
- Presentation by Director of Monitoring and Evaluation, Curan Bonham, on CI's work on coffee in Rwanda.



Photo: South-South Exchange participants with the CEO of Conservation International.



Lively question-and-answer sessions followed each presentation, with especially high levels of interest in CI's sustainable coffee work in Rwanda as well as in conservation agreements. The afternoon session continued with presentations from Rwandan and South African representatives on their respective countries and position towards PES.

The day concluded with a brainstorming session, in which each delegation member was asked to specify one clear question they would like to have answered by the end of this trip. These are outlined below and were used as a reference to conclude lessons learned at the end of the week.

1. How is PES defined in a national context and how can it participate to the national economy?
2. How did Costa Rica increase its GDP, increase its population, and increase natural capital?
3. What type of leadership is required to launch PES and bring it into the mainstream economic sector and mainstream market, including: 1) How do you address GDP?; and 2) Can we start a pilot for Africa?
4. How can we introduce PES around hydropower projects? How best to advise country agencies and various stakeholders to unite around PES?
5. How can natural resource management be financed in a sustainable manner?
6. Are there successful models for PES, and if so, which is the most successful? Is the model reproducible in other national contexts?
7. Is there an educational curriculum on the environment? How does Costa Rica involve youth in environmental conservation awareness raising?
8. How can the private sector be convinced to support a PES program?
9. How can we engage the local communities in which we operate?
10. What were the strategies and tools used in Costa Rica to link researchers with both decision makers and implementers? What was the specific roadmap used to engage with various stakeholders?
11. What are the financial and the institutional mechanisms needed to establish and operate PES? How are ecosystem service buyers able to pay ecosystem service sellers?
12. How can we align PES to international targets to gain additional traction?





## Day 2 (June 27): Travel to San José, Costa Rica

The day was spent traveling from Washington D.C. to San José, Costa Rica. After a smooth arrival in Costa Rica, the delegation had time to settle in and rest in the afternoon, with some participants going on a city walking tour with a local guide.

A welcome dinner was held at the hotel restaurant in the evening. Carlos Manuel Rodriguez (Vice President for International Policy, CI) joined and officially welcomed everyone to Costa Rica.

## Day 3 (June 28): San José, Costa Rica

The delegation attended the following meetings:

### **Former president of the Republic of Costa Rica, Mr. Miguel Ángel Rodríguez**

The delegation was welcomed by the former president of Costa Rica, Miguel Ángel Rodríguez, at his residency. A meeting was held where - after welcoming the delegation - the former President then provided an overview of Costa Rica's history, starting from independence in 1821. He emphasized the need to provide positive incentives to people to protect nature - "those who destroy, pay; those who protect, gain" - which was his political position as President, when he gave strong support during the early days of the Costa Rican PES in 1998. He further elaborated that it is not possible to do things by force, instead one has to make it attractive for the people to protect, and expensive for those who destroy, nature. This is a very simple principle: the principle of human self-interest.

Miguel Ángel Rodríguez expanded on the important role of education, the role of the abolition of the army in Costa Rica and rule of law, particularly the environmental rule of law. He emphasized the paramount role education plays to change people's mindsets over time. In Costa Rica, nature conservation is now taught in all public schools, and all students spend one day per month in a national park. There are also tree planting days.





Furthermore, Mr. Miguel Ángel Rodríguez highlighted the role of private groups, such as volunteers, writers, and extremist views. He noted that public opinion and knowledge is shaped by newspapers and other media, and as such, it is very important to engage with them. Society as whole is responsible for, and needs to participate in, development.

Mr. Miguel Ángel Rodríguez finished by discussing the dynamics between different political views, but that fundamentally it is important to have a striving economy. Finally, in terms of public funding, in Costa Rica they followed the principle of “polluter pays”, where a tax on fossil fuels provided the initial funding for payments for carbon services. The meeting concluded by a few questions and answers, and a statement of thanks from the Rwandan delegation to the former president.

“IN COSTA RICA, OWNERS OF FOREST AND TREE PLANTATIONS ARE BEING PAID FOR THE CARBON THEY OFFSET, THE WATER THEY PRODUCE, AND THE BIODIVERSITY THEY PROTECT.”

MR. CARLOS MANUEL RODRIGUEZ OF CONSERVATION INTERNATIONAL, SPEAKING TO WORKSHOP DELEGATES DURING THE EXCHANGE



Photo: South-South Exchange participants with the former president of the Republic of Costa Rica, Miguel Ángel Rodríguez.



## **Presentation by Mr. Carlos Manuel Rodriguez, at the CI Costa Rica office**

During the second meeting of the day, Mr. Carlos Manuel Rodriguez (Vice President for International Policy, CI) commenced his background presentation on PES, including an overview of Costa Rica's forest policy evolution. Importantly, Mr. Rodriguez described how Costa Rica has managed to simultaneously double its GDP, stop deforestation, and increase forest cover. This was essentially achieved because of:

1. The introduction of forest incentives;
2. The elimination of perverse incentives for deforestation, such as the establishment of an income tax credit; and
3. Enhanced environmental governance (Costa Rica was the first country in Latin America in 1985 to create a Ministry of Environment).

As reviewed in the presentation, there were key landmark moments that have helped Costa Rica build its PES program. These included:

- New legal and institutional frameworks for sustainable development policy (1995-1998);
- Sustainable development becoming a national goal by law;
- The creation of the National System of Protected Areas to enhance integrated management of natural resources;
- The abolition of the change of use of forested lands;
- FINAFIFO legally consolidated;
- The Forest National Office created as a dialogue mechanism among the private and public forest stakeholders;
- The transformation of incentives into Environmental Services Payments as the main financial mechanism to promote forest protection and sustainable use; and
- The creation of a funding source for PES (i.e. a tax on fossil fuel).



As part of his presentation, Mr. Rodriguez elaborated on some key steps in the development of a PES mechanism, including assessments on the price for water services, and the functioning of the PES crediting scheme. Carlos Manuel recommended that in the case of Rwanda, PES could be an opportunity to address both climate change resilience and water security. Finally, Carlos Manuel stressed the need for a land use capacity map. In Costa Rica, this map is used in directing many land-use decisions, particularly by the agriculture sector to avoid conflict with forest conservation efforts.

Carlos Manuel noted that Costa Rica undertook one of the first economic analyses of the economic contribution of national parks to the economy. Today, the Costa Rican economy receives approximately USD \$30 million every year from PES services and USD \$2.5 billion from nature-based tourism.



Photo: Carlos Manuel Rodriguez presenting to South-South Exchange participants.





## **Presentation by Guillermo Zuñiga Chavez, former Minister of Finance, at CI Costa Rica**

Presenting to the South-South Exchange participants, Mr. Chavez spoke of his experiences as the former Minister of Finance for Costa Rica, and the current Head of BIOFIN (Biodiversity Finance Initiative), an initiatives that works to mobilize resources for biodiversity and sustainable development.

Mr. Chavez first provided a background of his experience with PES, and stressed the importance of environmentally-focused projects to have a strong business case that a finance Minister could understand; as soon as the Minister of Environment was able to ‘speak his language’ (i.e. provide information on the value of nature and its ecosystem services), it was easier for the Finance Ministry to engage with the Environmental Ministry. This is important as PES initiatives are necessarily interdisciplinary. Mr. Chavez elaborated on BIOFIN and its objectives; BIOFIN is a finance project which aims to (1) review of policy and institutional landscape, (2) assess biodiversity expenditure, (3) establish biodiversity gap, (4) derive a biodiversity finance plan. Usually, a country’s National Biodiversity Strategy and Action Plan (NBSAP) defines what should be included in the BIOFIN methodology.

“WE ARE HERE BECAUSE THIS EARTH,  
EVERYTHING, IS THE HERITAGE OF OUR  
DESCENDANTS.”

UWASE HIRWA HONORINE, SOUTH-SOUTH EXCHANGE PARTICIPANT  
FROM RWANDA SPEAKING DURING THE WORKSHOP





## **Meeting with the Minister of Environment and Energy Dr. Edgar Guitérrez and Jorge Mario Rodríguez, Head of National Forest Fund (FONAFIFO)**

Carlos Manuel Rodriguez provided an introduction of the team and the objectives of this visit, after which the Minister welcomed the group. In his welcome remarks, he emphasized that Costa Rica has an abundance of experience and is very happy to share these with other countries. In fact, Costa Rica aims to become a ‘green hub’, for sharing knowledge and experiences, as well as being willing to trial and experience new initiatives and idea and share with rest of world.

The Minister provided further background of the various laws that were implemented to create PES in Costa Rica. Dr. Guitérrez emphasized that the development of PES in Costa Rica was a lengthy process, with mistakes made and lessons learnt.

Dr. Guitérrez noted that in recent years, Costa Rica is working closely with World Bank on natural capital assessments to understand the value of the country’s nature. Through this exercise, Costa Rica established forest accounts, finding that forests contribute between 0.2% and 2% to Costa Rica’s GDP.



Photo: South-South Exchange participants with the Costa Rican Minister of Environment Edgar Guiterez.



Moving on, the Minister explained that one unique aspect of his position is that in Costa Rica, the Minister for Environment is also the Minister of Energy. This is one of the ‘secrets to success’, and thus Costa Rica has overcome the struggle between environment and energy. He elaborated that in Costa Rica, approximately 15% of its energy comes from wind, 60-65% from hydroelectricity, and 10% geothermal sources, with the remainder being generated using biogas and solar. Costa Rica has the second largest infrastructure of hydropower in Latin America, recently inaugurating the largest hydropower plant with a capacity to generate 400 MWatts.

Furthermore, the Minister explained that Costa Rica has established an elaborate agro-environment program, thus creating a link between the Ministry of Environment and the Ministry of Agriculture. This collaborative program works at the landscape scale and works to ensure smoother partnership across the two ministries.

The meeting finished with a question-and-answer session. During this discussion, the importance of the Paris Agreement was stressed, with the Minister noting that implementation could be funded by not only the likes of the Global Climate Fund (GCF) but also the NDC partnership, among others, as well.

“IT’S BEEN AN EYE-OPENER...THE  
FUNDAMENTAL TAKE HOME MESSAGE...IS  
THAT WE ARE NOT ALONE IN THIS...AND  
THERE IS A LOT THAT WE CAN LEARN FROM  
EACH OTHER, FROM OUR CHALLENGES,  
AND TURN THEM INTO OPPORTUNITIES”

KIRUBEN NAICKER, A DELEGATE FROM SOUTH AFRICA, SPEAKING ABOUT THE VALUE OF THE SOUTH-SOUTH EXCHANGE IN REGARDS TO LESSONS SHARING AND KNOWLEDGE EXCHANGE





## Day 4 (June 29): San Jose, Costa Rica

### Presentation by Mr. Jaime Echeverria, Economist, at the CI Costa Rica office

During the presentation, Mr. Echeverria explained the economic rationale for conservation and the use of economic instruments in the environment in Costa Rica in the development of PES. Emphasizing that PES is a 'means to an end', Mr. Echeverria stressed the importance of linking PES programs to national policies, as well as the need for political support and engagement with a large number of stakeholders. In addition, Mr. Echeverria discussed various instruments and mechanisms for economic conservation agreements, including public payment schemes (such as PES), open trade agreements, self-organized agreements and eco-labelling.

Mr. Echeverria continued by highlighting the importance of bringing about change in human behavior (in the context of PES) and also touching on Costa Rica's National Fund for PES, including the income sources used to support this fund, which include a tax on gasoline and water use fees. The PES scheme supports a number of conservation activities, such as conservation of existing forests, but also regeneration of degraded forests. Payments are made according to the type of conservation that the forest is under, its status as a watershed or its location within a critical biological corridor. On average, a farmer receives USD \$50/ha/year. Mr. Echeverria explained more about the national context and the relevant elements that are necessary to make national PES programming a success, including:

1. The need for a strategic vision;
2. Institutional capacity;
3. Understanding the macroeconomic situation;
4. An appropriate regulatory framework; and
5. High environmental awareness.

Mr. Echeverria concluded by making the point that one should not spend too much time designing the 'perfect' program. He suggested, instead, starting with a pilot initiative and scaling up once the appropriate structures are tested and in place.



## **Presentation by Grethel Aguilar, Dr. Leander Raes and Maria Hernandez, IUCN headquarters**

The delegation was invited to attend an afternoon session at the IUCN regional headquarters for Mexico, Central America, and the Caribbean. This meeting was important so to ensure the direct connection with CI's partner in Rwanda (IUCN). The delegation was welcomed by the Regional Director, Grethel Aguilar, who provided a broad overview of IUCN's programs in the region. In further discussions, her primary recommendation for promoting conservation initiatives was to ensure strong links to the Sustainable Development Goals (SDGs), Nationally Determined Contributions (NDCs), and the Bonn Challenge.

Dr. Leander Raes then gave a presentation on the Restoration Opportunities Assessment Methodology (ROAM), a tool that is being piloted in IUCN projects. He elaborated on how a restored forest landscape incorporates many diverse land uses. Leander stressed the importance of undertaking a cost-benefit analysis as part of the economic assessment when working on Forest Landscape Restoration efforts. Finally, he discussed the monitoring process for the Bonn challenge and indicated that the ROAM initiative has a guidebook that can be referred to.

The final presentation was given by Maria Hernandez, who elaborated on her work with governments, as well as a range of regional processes and products. She discussed the opportunities for ensuring that international environmental agreements are implemented on-the-ground. She closed by discussing IUCN's long engagement in Mesoamerica, which has resulted in the organization being a trusted advisor to a range of governments in the region.



Photo: South-South Exchange participants at the IUCN office in Costa Rica.

### **Presentation by Andrea Meza, Climate Change Office, CI Costa Rica**

The afternoon closed with a final presentation by Andrea Meza, where participants discussed a range of topics including: the importance of tracking financial investment into climate change; REDD+ a national strategy to enhance the forest cover at a national scale; and Costa Rica's active role in the climate change negotiations.

Following the close of this presentation, the delegation proceeded to San Gerardo de Dota, where they stayed at the Savegre Lodge.





## Day 5 (June 30): Maria de Dota, Costa Rica

The fifth day of the South-South Exchange started with a voluntary bird watching walk at the Savegre Lodge, hosted by Pablo Elizondo, a scientist from the Costa Rica Bird Observatory (CRBO). Pablo joined the team for a total of two days, as an expert in Costa Rica's bird life and its importance and value to the ecosystem. In addition, a filming team accompanied the delegation for the day to capture images of this South-South exchange, as well as to interview various participants on their impressions, learning experience and overall value of this exchange to them and their programs.

In the morning, the delegation visited a farm in which the CRBO undertakes core aspects of their research. Upon entering the farm, the delegation learned more about how the farm is benefitting from the national PES system. Pablo then gave a more detailed explanation of the work that the CRBO undertakes in Costa Rica, including bird ringing. In fact, he and his team demonstrated how they take the data from a captured bird, so to be able to keep it on record.



Pablo made sure to elaborate how the national PES scheme has been hugely important in assisting in the conservation of the birds; the conservation of birds yields a range of secondary ecological benefits, including increased seed dispersal and pest control. Given that Costa Rica's biodiversity attracts thousands of tourists a year, the PES scheme has indirectly helped to ensure the sustainability of tourism in the country over time.



After the farm visit, the delegation continued to Maria da Dota, a coffee planting region the yields high-quality coffee. For example, during the South-South Exchange, one sack of coffee had been auctioned off in the international market for USD \$8000. The delegation met with a representative of cooperative where delegates learned about the importance of shade-grown coffee, as well as the relevance and benefit of having a forest close to a coffee plantation. The animals in the forests provide pest control ecosystem services and thus create an economic benefit to the farmer.

The delegation proceeded to lunch at a local restaurant, where they were met by the mayor of the town. The exchange with the mayor was very important because the Local government fully recognizes the benefits of forest conservation, due to the water and pest control ecosystem services provided by forest habitat.

In the afternoon, the delegation continued to the coffee mill of Coopedota, which is a coffee producer cooperative, encompassing more than 800 farmers in the valley. The cooperative's coffee has been fully carbon neutral since 2011, making this the first coffee globally to have a zero-carbon footprint. The delegation was welcomed by the coffee mill manager and led through the mill on a tour, and finished in the cooperative's own coffee shop, which has been ranked as one of the top 10 best places in the world to drink coffee by the travel guide Lonely Planet. Thereafter, the delegation proceeded to Sarapiquí (a 4-hour drive), where they spent the night at the Selva Verde Lodge.







## Day 6 (July 1st): Sarapiquí, Costa Rica

### The Don Pedro Hydropower Plant

The delegation visited the Don Pedro Hydropower plant in order to witness water PES in action. The plant was one of the first in Costa Rica to invest into upstream watershed protection under the PES program.

Luis, a Manager at the plant, welcomed the delegation to the hydropower plant. ENEL is an energy company that focuses on renewable energy and owns the plant; the Don Pedro plant is one of two that the company owns in Costa Rica. Operations began in 1996, and the plant has had several concessions, ENEL being the latest concession holder.

Luis explained that in 2005, there was a one-time increase in water prices of 1% for end consumers, though the price increase for the power plant was higher. Prior to 2005, there had been worries at the plant about declining water availability and siltation; therefore, the plant began working with FONAFIFO, the Costa Rican forest fund. In addition, the plant voluntarily agreed to provide some additional money from their profit in protecting the watershed; the requirement for the plant to provide watershed protection services was made obligatory in 2005.

### Meeting with Mr. Carlos Porras, FUNDECOR forrester

In a meeting with delegates, Mr. Porras provided an overview of FUNDECOR. FUNDECOR was established 26 years ago to work at the grassroots level with farmers in the field. FUNDECOR is the trusted advisor to farmers interested in applying to the national PES scheme. Farmers partner/contract FUNDECOR to assist them in assessing the area that would qualify to be part of the PES scheme, and work hand-in-hand to provide all the scientific information required to FONAFIFO, the forest fund. More recently, FUNDECOR 2.0 will keep concentrating its work on farmers but through a landscape approach, using integrated landscape management.





### **Meeting with a local farmer, Mr. Hugo Cascante**

Delegates met with a local farmer, who owned larger areas of land in the watershed. He was not fully aware of the PES scheme or that some of his farm was under the program, due to the fact that it was operated by his son. However, FUNDECOR confirmed that his son obtained annual payments from the PES scheme.

### **Meeting with a Plantation Owner**

Next, the delegation visited a plantation owned by a local farmer. The owner has also been part of the PES scheme, under the plantation scheme, whereby FONAFIFO assists farmers to plant and later harvest trees over the course of a decade. FONAFIFO provides financial assistance for the first 5 years of this program. Carlos explained the difficulties however for the farmer to be able to reap the full value of the plants, due to the fact that there are many brokers that come to the farms to purchase the trees for little value. Thus, he highlighted the importance of value-addition, and explained that much more profit can be made by processing the wood locally, instead of selling the tree as a whole.

The delegation returned to the Selva Verde Lodge and in the evening, were given a presentation by the lodge owner on sustainable tourism in Costa Rica. Thereafter, the delegation convened to re-visit their objectives (as determined on the first day of the trip), and to brainstorm the next steps necessary to implement a PES scheme in Rwanda. A round-table discussion was held during which each objective was addressed and lessons learnt around the objective discussed in more detail.





## Day 7 (July 2nd): Sarapiquí, Costa Rica

On the final field day, the delegation had the chance to visit the La Selva Biological Research Station. La Selva is owned and operated by the Organization for Tropical Studies, and recognized internationally as one of the most productive field stations in the world for tropical forest research and peer-reviewed publications. The primary goal of La Selva Biological Station is to preserve and protect an intact forest, as well as to provide laboratory facilities for tropical research and education. The research potential of the area is not only vital to tropical ecology, but it is also an important location in the effort to study relations between local communities and protected areas.

The aim for this visit was to understand better the interface of science/policy in Costa Rica and how this has played a role in the development of environmental policies. The delegation was welcomed by Dr. Carlos de la Rosa, Director of La Selva. They were introduced to the facilities and layout, and he explained about the importance of the research that is being conducted in La Selva. The delegation proceeded to a herbarium in which they had a long discussion about the financing of the facility and importance of research to underpin higher-level decision-making. Parts of La Selva also obtain income from the PES scheme, as the forest within the research facility provides a biological corridor, connecting key protected areas.

The delegation split into two smaller groups, one of which went to see an important wetland and the origins of human civilizations that were once found here, whilst the other group proceeded to visit a section of primary forest. Lunch was taken at the research station's cafeteria, after which the delegation finished the field trip activities and embarked on the journey back to San Jose.

A closing dinner was held at a local restaurant overlooking the lights of San Jose. A round of thanks were expressed by the Director General, by the GDSA Ambassador, and CI. The overall outcomes are extremely positive and promising and it is hoped to see the knowledge obtained in this learning exchange to be incorporated and serve in the respective countries back in Africa, and to make a PES scheme possible.



## REVIEW OF OBJECTIVES AND LESSONS LEARNT

Before departing Costa Rica, the delegation convened to review the questions that they had hoped to have answered over the course of the trip, so that the learning outcome and consequently the value of this exchange could be assessed. The feedback from the delegates about the lessons learned, as captured in an open roundtable discussion, is outlined below.

### **1. How is PES defined in a national context and how can it contribute to the national economy?**

The participants felt that they had seen evidence of how PES is a tool ('the means to the end') that can assist a country in implementing a range of policies. The delegation concurred that they had obtained knowledge of what PES was as a package and were therefore better positioned to understand how to move forward on this topic and what is needed in regards to communicating on PES to the government, private sector, and civil society.

During discussions, it was also pointed out that - in order to implement national PES - there will need to be a gap analysis in Rwanda in order to understand what sectors and policies would be addressed under a PES mechanism. It was agreed that a communication effort in Rwanda would be necessary to ensure that the lessons learned from the exchange could be further shared, including to both government and community stakeholders. It was noted that it may be challenging to implement PES immediately in Rwanda and that additional awareness raising would be required.

It was suggested that the next steps would include:

1. Carry out an institutional gap analysis, thus increasing understanding of the institutional framework in Rwanda;
2. Identify who would be the agent to driving the political agenda;
3. Assess the budget needs; and
4. Review undertake analyses that would allow decision-makers to be fully informed of the environmental cost of not taking action.





## **2. How did Costa Rica increase its GDP, increase its population, and increase natural capital concurrently?**

The question was answered throughout the trip and has been captured in the above account. However, it was reiterated by participants that any future progress on PES would require ‘political champions’, a clear step-wise process for implementation, and pilot projects showcasing impact, success, and lessons learnt.

## **3. What type of leadership is required to launch PES and bring it into the mainstream economic sector and markets?**

The participants discussed that it was not only about political leadership, but required ‘buy in’ from a range of individuals achieved through multi-sectoral engagement and grass-roots engagement. It was clear to the participants that relationship building is paramount and it is important to have ‘champions’ to take this forward.

It was pointed out that Rwanda is at an interesting stage, as the country is undertaking a baseline for forest ecosystem services. Mr. Charles Karangwa (IUCN representative and exchange participant) explained that IUCN had been asked to calculate the value of forest ecosystem services as part of the Rwandan GDP and that this information would be incredibly useful for building support for PES. It was noted that IUCN could work to bridge the gap between the technical and political aspects of PES implementation in Rwanda, with technical assistance from CI.

Delegates again agreed on the importance of identifying a geographical area for a pilot project (along with a process to identify important stakeholders), to identify key ecosystem services to focus on, and to secure a ‘political champion’.



#### **4. How can we link PES and hydropower projects? What are some mechanisms for advising various stakeholders and building a united consensus on PES?**

It was concluded that, in an ideal situation, a key first step for engaging the hydropower sector would be to outline the scenario for ‘business as usual’ using a range of data (i.e. map, supply/demand for different ecosystem services, financial data). A cost-benefit analysis would also be needed in order to ensure smooth dialogue with hydropower plants as initial, voluntary payments were solicited and agreed upon. Voluntary payments would suffice in the event that a full legal and policy framework for PES did not yet exist.

It was pointed out by delegates that the hydropower plant visited in Costa Rica is also currently scoping project in both Rwanda and South Africa. As such, there is already a company-level awareness of PES and its benefits and this knowledge/capacity could be used to benefit future work in Rwanda.

The delegates discussed how CI has, in other areas of the world, received a higher-level request to undertake PES work. For example, in Cambodia, the Prime Minister has instituted a mandate for the implementation of PES in the country following a similar South-South Exchange between Cambodia and Costa Rica. To this point, the Director General of the Rwanda Water and Forestry Agency re-stated that Rwanda has challenges with water sedimentation and re-emphasizing that Carlos Manuel Rodriguez (CI) would be welcome to continue to work to raise awareness in Rwanda about the importance of PES. Carlos Manuel welcomed the invitation and expressed his sincere interest in continued engagement on this topic.

#### **5. How can natural resource management be financed in a sustainable manner?**

Carlos Manuel Rodriguez outlined the importance of mobilizing domestic resources to finance PES, though he emphasized the importance of focusing first on creating a robust PES framework. It was further discussed that by linking PES programming to greater, global sustainable development and poverty alleviation targets, PES can gain traction much more quickly. The discussion then focused on potential funding sources for a national PES system, which included funding from public donors, BIOFIN, and GEF-7.



## **6. Are there successful models for PES, and if so, which is the most successful? Is the model reproducible in other national contexts?**

The delegates revisited the idea that there is no ‘one-size-fits-all’ model and that every country and sub-national context is different and unique; each PES model has its strengths and weaknesses. There was a concern noted that many countries are only doing pilot projects on a small scale. These pilot projects appear to often have limited stakeholder engagement or a limited long-term vision, making them vulnerable to project funding cycles. As such, the delegates agreed that political engagement and support is key to upscaling PES programming and have a lasting impact.

## **7. Is there an educational curriculum on the environment? How does Costa Rica involve youth in environmental conservation awareness raising?**

Over the past ~20 years ago, Costa Rica has established and introduced environmental programming into the school curriculum; this includes taking students into national parks on a monthly basis. The success of widespread environmental education, together with the successful implementation of national PES was observed by the delegates.

## **8. How can the private sector be convinced to support a PES program?**

Engaging with the private sector will require the use of cost-benefit analyses and compelling business cases on their return on investment, as it relates to PES. In addition, the outreach (and integration) of the private sector should be supported by a national policy. In Rwanda, key target private sector entities that could be engaged in a watershed PES include hydropower plants, breweries, water bottling companies, municipal water agency, as well as mining.

## **9. How can we engage the local communities in which we operate?**

In Costa Rica, civil societies such as FUNDECOR have played an important role in both a technical and outreach capacity. In Rwanda, it was discussed that there would be benefit in having an assessment of what agencies and program exist that have similar technical capacities and community outreach programs. To further this effort, it would also be helpful to establish an inter-ministerial coordination committee, so to increase communication and collaboration and thereby make use of on-going outreach structures.





## **10. What were the strategies and tools used in Costa Rica to link researchers with both decision makers and implementers? What was the specific roadmap used to engage with various stakeholders?**

It was discussed that there was never one single ‘roadmap’ for implementation of national PES in Costa Rica and that all actors simply ‘learned by doing’. In this way, one of the big lessons learned was for communicators to ensure they were using the right terminology as they spoke to stakeholders in different disciplines and from different backgrounds. It was re-emphasized that having a strong science and evidence base is necessary in order to facilitate the political process, and increase political will and conviction.

Translating this into the Rwandan context, it was noted that there is a rising problem of food security, the solutions for which can often conflict with environmental goals. It was recommended that there be research to examine how a PES project could work within the food security priorities of the country.

Overall it was noted that it is best and wise to begin a project/program with ‘low hanging fruits’, with research used to help identify what those opportunities might be.

## **11. What are the financial and the institutional mechanisms needed to establish and operate PES? How are ecosystem service buyers able to pay ecosystem service sellers?**

Delegates discussed their thoughts on the various individuals they had been able to meet with over the course of the week, that helped inform their understanding of this topic. Based on their experiences during the exchange, they noted that it would be wise to look at the public services for which people are already paying and how a PES payment could be integrated into these existing structures.

In Costa Rica, for example, water users pay a monthly fee that is earmarked for the PES project as part of their water bill. Likewise, in Costa Rica, every purchase of gasoline includes a fee that is then allocated towards the PES initiative. It was then explained that these funds go to the Ministry of Finance, prior to being channelled to the fund from which PES payments are taken (FONAFIFO).



## 12. How can we align PES to international targets to gain additional traction?

It was reiterated and discussed by participants that it would be wise and helpful for Rwanda to align her anticipated efforts around PES with international efforts such as the NDCs, SDGs, and REDD+ to name a few. This would serve to place PES into the larger context and potentially also ensure that additional funding could be mobilized at first.

## COMMITMENTS AND NEXT STEPS

The delegation consulted on the ways forward on how to best implement PES in Rwanda, and assessed the current political and institutional framework in Rwanda that would assist this. A brief summary of this consultation follows.

### Policy & Institutions

In Rwanda, there are already a number of existing policies which would enable PES, including within and across the agrarian, forestry, land management, and integrated water management sectors. Although there is no PES policy *per se*, this is a gap that can be filled. The way forward is to develop a PES policy, to raise substantial awareness at the national level with a range of stakeholders, and to have a clear understanding of the value of natural capital.

### Financing

Rwanda already has an environmental fund (FORNEWA) which could be used as a foundation for PES. The importance of international climate financing, as well as public funds for environmental conservation was noted. There is a gap in that private investments are lacking an integrated business plan; for example, investors, (i.e. hydropower) tend to invest in grey, but not green, infrastructure. This gap appears to be due to a limited understanding of the long-term financial benefit of PES to the private sector.

### Information & Knowledge

Rwanda has carried out a number of research projects, for example on natural capital accounting with the World Bank-led WAVES partnership and under the GDSA. However, there are gaps which include a lack of social and economic analysis and lack of a clear cost-benefit analysis for PES. There is a need to better understand the PES stakeholder landscape and, more broadly, human capacity and technical expertise are still lacking.



## PARTICIPANT LIST & ACKNOWLEDGEMENTS

The delegation was comprised of the following individuals from Rwanda, South Africa, and Conservation International:

- **Rwanda**
  - Mr. Prime Ngabonziza, Director General, Rwanda Water and Forestry Authority
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  - Mr. Germain Sangano, Head of Agriculture, Livestock, and Environment, Ministry of Defense
  - Mr. Eugene Mutangana, Ag. Head of Conservation Department, Rwanda Development Board
  - Mr. Charles Karangwa, Regional Coordinator, IUCN Forest and Landscapes Restoration Hub (ESARO)
  - Mr. Oscar Nzabonimpa, Representative of RENGOF
  - Mr. Eugene Mbonyinshuti, Business Development Officer, Energicotel Ltd.
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- **South Africa**
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This South-South Exchange was funded by a MacArthur Foundation grant to Conservation International. Many thanks to the Department of Environmental Affairs, South Africa for funding the participation of one individual. Thanks to the Government of Costa Rica for welcoming delegates during this exchange. Many thanks to IUCN Rwanda for assistance in the organization of this South-South Exchange.





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