

EVALUATION ON THE EFFECTS OF THE PAYMENT FOR ENVIRONMENTAL SERVICES PROGRAM IMPLEMENTED BY THE GOVERNMENT OF COSTA RICA

Executive Summary

The general purpose of the evaluation was to assess the environmental, economic and social effects of the Payment for Environmental Services Program (PSA), as well as to analyze the performance of the National System of Conservation Areas (SINAC) and the National Forestry Financing Fund (FONAFIFO) regarding the implementation of such program and the fulfilment of its objectives. It was necessary to devise indicators for assessing both the program's environmental, economic and social effects and the organizational performance, given that the institutions have not set such indicators.

The evaluation of the combined results of the environmental, economic and social indicators shows a comprehensive improvement of 16,63% when the current situation is compared to that found in 1997. The improvement is due largely to the economic (21,17%) and social (17,78%) contributions, rather than the environmental contribution (12,84%). This represents a moderate growth of 1,2% per year, produced by the program as a whole, in terms of the investments and the efforts the country has made in this area.

Concerning the institutional performance, strengthening measures are required, since an overall level of 43,51% was identified, with the performance level of SINAC being of 28,40% and that of FONAFIFO being of 58,61%. The reasons for these results are the absence of policies, guidelines and comprehensive strategic planning for the program, and the lack of coordination to ensure the implementation of activities aimed at fulfilling common interests and responsibilities for achieving the program's objectives. The criteria for area prioritization do not ensure the selection of the projects that are more beneficial for conservation, and farms are assigned to incorrect procedures without knowing whether this contributes to conservation objectives. The amounts payable are far from the closest-to-market price of other economic activities, which can bring about disincentives to conservation. There is no automated system of Payment for Environmental Services to integrate information from both institutions.

Given this situation, the Ministry of the Environment, Energy and Telecommunications is directed to regulate the obligation of formulating and monitoring the program's long and medium term planning, and the National Council of Conservation Areas is required to issue policies and adjust the prioritization criteria consistent with natural resource sustainability. On the other hand, SINAC and FONAFIFO must establish a joint scheme for monitoring and evaluating the program, aimed at generating the results to ensure compliance of the conservation objectives for which it was created, as well as setting the payment methods and the corresponding rates, commensurate with the opportunity cost associated to land use.