

Poverty Alleviation in Latin America

Susan V. Poats



World Agroforestry Centre
TRANSFORMING LIVES AND LANDSCAPES



**Report on the Latin American Regional Workshop on
Compensation for Environmental Services and
Poverty Alleviation in Latin America**

April 26 – 28, 2006, Quito, Ecuador

Susan V. Poats



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The World Agroforestry Centre (ICRAF) and a diverse team of partners were tasked by the International Development Research Centre (IDRC) to contribute to the conceptualization and development of their Rural Poverty and Environment (RPE) programme related to Compensation and Rewards for Environmental Services (CRES) by providing an overview of relevant developments in Africa, Asia and Latin America, a global synthesis of results and recommendations. Truly global in nature, the CRES Scoping Study was undertaken by the following partners and collaborators based in 7 countries across 4 continents.

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The World Agroforestry Centre (ICRAF) is the international leader in the science and practice of integrating 'working trees' on small farms and in rural landscapes. We have invigorated the ancient practice of growing trees on farms, using innovative science for development to transform lives and landscapes. The World Agroforestry Centre is one of the 15 centres supported by the Consultative Group on International Agricultural Research (CGIAR).

<http://www.worldagroforestry.org>



About the author

Susan Virginia Poats is an anthropologist with a strong commitment to conservation and sustainable development. After a PhD at the University of Florida (1979) and a post-doc at the International Potato Center (1979-83) she focused on farming systems research. Since 1994, she has worked on natural resource management through participatory research and community conservation with a gender focus, largely in the context of Andean watersheds. She is a founding member of Corporación Grupo Randi Randi, an Ecuadorian non-profit organization. As co-leader of the IDRC-Canada funded MANRECUR Project ‘Collaborative Management of Natural Resources in Andean Watersheds in Northern Ecuador’ she helped to develop a proposal for a CRES initiative involving downstream irrigation water associations to support headwater conservation by upstream traditional communities and the Ministry of Environment. She participates in RISAS, an Ecuadorian network focused on environmental services.

Abstract

The World Agroforestry Centre, Nairobi, Kenya, together with Forest Trends, Washington DC, The World Conservation Union, Gland, Switzerland, Corporación Grupo Randi Randi, Quito, Ecuador, the African Centre for Technology Studies, Nairobi, Kenya, the Institute for Economic and Social Research, Bangalore, India, and the United Nations Environment Programme – Division for Environmental Conventions, Nairobi, Kenya, is leading a scoping study for the International Development Research Centre (IDRC-Canada) on the model of payments for environmental services (PES) as applied in developing countries, to determine how the poor are affected by these schemes and whether the schemes are compatible with poverty reduction objectives.

As part of the study, CGRR, together with Forest Trends and IUCN, were responsible for organizing a Latin American workshop on PES and poverty. The workshop was held in Quito, Ecuador, April 26-28, 2006. This report covers the organization and planning process of the workshop. It includes summaries of all presentations made as well as summaries of the case studies presented by international participants. A synthesis of the current situation and trends in the region concerning PES and poverty is presented and followed by conclusions and recommendations proposed by workshop participants.

Keywords

Environmental services, Latin America, ecosystem services, Bolivia, Brazil, Columbia, Costa Rica, Ecuador, Mexico, Peru, payment for environmental services, compensation and rewards for environmental services

Preface

From the beginning of 2006 until March 2007, the World Agroforestry Centre (ICRAF) led a consortium of organizations and individuals from around the world in a pan-tropical scoping study of Compensation and Rewards for Environmental Services (CRES). The scoping study was commissioned by the Rural Poverty and Environment Programme of the International Development Research Centre of Canada (IDRC) to identify critical issues affecting the development, operation, impacts and institutionalization of mechanisms linking beneficiaries of ecosystem services with stewards of those ecosystems. Particular attention is paid to the potential for CRES to alleviate or exacerbate the multiple dimensions of poverty: rights to productive assets, streams of income and consumption, and vulnerability to shocks.

The scoping study included a series of regional workshops held in Latin America (Quito, Ecuador), Asia (Bangalore, India) and Africa (Nairobi, Kenya). Participants presented and discussed practical CRES experiences from across the developing world, experiences which informed and challenged the development of several cross-cutting issue papers. A series of nine working papers have been prepared to summarize the results of the scoping study, including an introductory paper, three regional workshop reports, and five issue papers on key topics.

ICRAF Working paper 32 – Compensation and Rewards for Environmental Services in the Developing World: Framing Pan-Tropical Analysis and Comparison.

ICRAF Working paper 33 – Report on the Latin American Regional Workshop on Compensation for Environmental Services and Poverty Alleviation in Latin America.

ICRAF Working paper 34 – Asia Regional Workshop on Compensation for Ecosystem Services. A component of the global scoping study on compensation for ecosystem services.

ICRAF Working paper 35 – African Regional Workshop on Compensation for Ecosystem Services (CES).

ICRAF Working paper 36 – Exploring the inter-linkages among and between Compensation and Rewards for Ecosystem Services (CRES) and human well-being: CES Scoping Study Issue Paper no. 1.

ICRAF Working paper 37 – Criteria and indicators for environmental service compensation and reward mechanisms: realistic, voluntary, conditional and pro-poor: CES Scoping Study Issue Paper no. 2.

ICRAF Working paper 38 – The conditions for effective mechanisms of Compensation and Reward for Environmental Services (CRES): CES Scoping Study Issue Paper no. 3.

ICRAF Working paper 39 – Organization and governance for fostering pro-poor Compensation for Environmental Services: CES Scoping Study Issue Paper no. 4.

ICRAF Working paper 40 – How important will different types of Compensation and Reward Mechanisms be in shaping poverty & ecosystem services across Africa, Asia & Latin America over the next two decades? CES Scoping Study Issue Paper no. 5.

The working papers are designed for relatively limited circulation of preliminary material. We anticipate that all of the papers will be revised and published in a formal outlet within the next year.

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Introduction

The World Agroforestry Centre, headquartered in Nairobi, Kenya (ICRAF), together with Forest Trends, Washington, DC (also representing Ecoagriculture Partners and the Rights and Resources Initiative), The World Conservation Union, Gland, Switzerland (IUCN), Corporación Grupo Randi Randi, Quito, Ecuador (CGRR), the African Centre for Technology Studies (ACTS), Nairobi, Kenya, the Institute for Economic and Social Research, Bangalore, India (IESR), and the United Nations Environment Programme – Division for Environmental Law and Conventions, Kenya (UNEP), is leading a scoping study for the International Development Research Centre (IDRC-Canada) on the model of payments for environmental services (PES¹) as applied in developing countries, to determine how the poor are affected by these schemes and whether the schemes are compatible with poverty reduction objectives. The study is part of IDRC's Rural Poverty and Environment programme initiative (RPE), which has raised questions about the impact and future prospects for PES and other market-based instruments, and the potential for making these instruments more beneficial to the poor in urban and rural landscapes in the developing world.

As part of the study, CGRR, together with Forest Trends and IUCN, was responsible for organizing a Latin American workshop on PES and poverty.

The workshop was held in Quito, Ecuador, April 26-28, 2006. This report covers the (1) organization and planning for the workshop and (2) the process of the workshop. It includes a brief summary of the opening presentations (3), of each regional presentation (4), and the Ecuador presentations (5). A brief synthesis of the current situation and trends in the region concerning PES and poverty follows the case studies (6), and at the end are a set of final conclusions and recommendations (7) proposed by workshop participants.

¹ The term 'payment for environmental services' is under debate, especially in Latin America. There appears to be resistance to the term 'payment' because some believe this implies automatically a privatization of the services. Experimentation with alternative names and meanings is underway. This project is trying out the term 'compensation for environmental services', however, this also creates some negative noise when translated to Spanish. For purposes of clarity in this report, I have decided to use the term PES whenever referring to the concept in the overall flow of the workshop. I have tried to maintain whatever term the author decided to use in the presentations, though where PSA (the Spanish acronym) appeared, I have changed it to PES.

1. Workshop organization and planning

Following a brief period of overall discussion among the institutions responsible for the study, CGRR (Susan Poats and Jackeline Contreras) and Forest Trends (Carina Bracer) took the lead for the organization of the Latin American workshop. They were supported by the Belém office of ICRAF (Roberto Porro) and the Quito office of IUCN (Consuelo Espinosa). As the time for planning was short (two months), and the tasks were large, a general division of labor was adopted: CGRR was responsible for all local planning, logistics and location, and invitations to selected Ecuadorian participants, while Forest Trends, with support from ICRAF-Belém, put together the list of international participants. Both CGRR and Forest Trends collaborated on the construction of the workshop agenda. CGRR hired Jackeline Contreras, an Ecuadorian economist, to handle the logistical organization of the workshop, all of the communication, and to collaborate with Susan Poats in the development of the final program. Santiago Vallejo, an Ecuadorian lawyer, was contracted as a consultant to review the legal and judicial context in Latin America of the various PES experiences. Other CGRR staff members were brought in during the final week prior to the event to help with the logistics.

CGRR invited the ‘Red de Interesados e Interesadas en Servicios Ambientales en Ecuador’ (Grupo RISAS), a small, Quito-based network of researchers and NGOs interested in PES, to share the local organization of the workshop. CGRR is one of the founding members of RISAS. The idea of bringing RISAS into the organization was to use the workshop as an appropriate mechanism for the public launching of RISAS, as well as to count on a larger group to support the content of the workshop, as well as to continue working on PES after the scoping study concluded. RISAS includes several of the people who have been working in the area of PES for many years: Marta Echavarría of Ecodecision, Marina Kosmus and Doris Cordero from the German Technical Cooperation Agency (GTZ), Ecuador, Montserrat Alban and Andres Garzon-Delvaux from EcoCiencia, and Harko Koster, from the Servicio Holandés de Cooperación al Desarrollo (SNV-Netherlands). RISAS thus became the ‘host’ of the event, under the leadership of CGRR. RISAS was joined by Consuelo Espinoza from the regional IUCN office in Quito and became part of the organization of the workshop.

It is important to point out that all of the planning and organization of the workshop was carried out via the Internet and email. CGRR sent and received over 500 emails related to the workshop during the two months comprising the planning and implementation of the workshop. We would not have been able to complete this task in the time available and at the scale desired if we had not had the Internet.

In addition to expanding the organization of the event to include and highlight RISAS, CGRR took several other decisions during the planning phase in order to maximize the impact and effect of the workshop locally. We decided to hold the first day in seminar fashion to highlight the different case studies from the international participants. In order to allow more people to participate, and thus gain locally from the exposure to the international experiences in PES and Poverty, this day was held in a university, The Facultad Latinoamericana de Ciencias Sociales (FLACSO) - Sede Ecuador. It was widely advertised via local publicity and a poster which was displayed in many academic, NGO and public institutions. Our intention was to use the workshop to broaden the debate on the topic in Ecuador, especially in Quito, and to try to get a variety of persons with varying opinions on PES to attend.

The morning of the second day was devoted to the Ecuador experiences in PES and this was held in the new Water Museum in Quito, Yaku, owned by the Quito municipal water company, EMAAP-Q and administrated by the national museum. The remainder of the workshop was held in the Hotel Quito. The three changes in venue created additional demands on the CGRR in terms of logistics. However, these were more than offset by the good turnout at the public seminar on the first day and by the spectacular setting and cultural show at Yaku on the second day. The facilities at the Hotel Quito were more than adequate for the workshop; however, some participants expressed their preference for a more intimate setting that would have induced more interaction outside of the workshop among the participants staying at the same hotel.

A second decision was to organize the presentations and discussions in the workshop to cover the case studies and issues papers by noon of the third day, so that all of the information presented could be reproduced on a CD and handed to the participants at the end of the workshop. This meant coordinating carefully the logistical support, but it worked, and all participants left with a digital copy of all of the presentations and issues paper discussions.

A third decision was to hire Santiago Vallejo as a consultant for the legal aspects of PES in Latin America, and to have him participate in the entire workshop. This gave him immediate access to all the participants in order to interview and obtain information concerning the legal frameworks for PES in other countries of the region. His report is presented separately.

A fourth decision was to eliminate any evening sessions or a formal dinner for the workshop. This made each evening free for participants to meet as groups, to explore Quito, or to hold complementary meetings around mutual interests. For the Ecuador participants, largely from Quito, this made workshop participation easier.

Finally, conducting the workshop as a RISAS group meant that we had a greatly expanded group of conceptually involved local participants who could provide both the depth needed to the discussion groups, as well as the continuity following the workshop. RISAS members were engaged to finalize the participant list, organize the final agenda, and to provide leadership to each of the five discussion groups organized around the five issues papers (ICRAF Working Papers 36-37-38-39-40) being developed as part of the scoping study.

A very important aspect of the planning was the identification of the workshop participants. From Ecuador, we were able to quickly identify the other key people, beyond RISAS, who should attend and present case studies, as they are few, and rather well known. Our bigger dilemma was the number of people who wanted to attend the whole workshop and not just the public event. We ended up inviting more local participants than expected, which raised our costs. However, this was offset by the additional support provided by both GTZ-Ecuador (GESOREN Program and Regional Project of Conservación de Bosques de la Amazonía) and SNV-Ecuador.² EcoCiencia, a RISAS member, also provided additional support for materials used in the workshop and provided equipment at no charge. The selection of international participants was led by Forest Trends and ICRAF. Efforts were made to ensure that those who have led the debate on PES in the region were invited. Complete participant lists from the first day (public forum) and from the workshop itself are included in Appendix 1.

One of the difficulties in organizing the workshop was not having more complete drafts of the issues papers in advance to circulate among participants. Instead, most papers were received just prior to the event, and in bullet format, and there was not enough time to share these with participants. This meant that only the discussion leaders had prior knowledge of the contents. A second difficulty was that only one of the authors of the issues papers was present (Carina Bracer, Forest Trends, IP5 (ICRAF Working Paper no.40)). A third difficulty was the delay in completing the contracting procedure with CGRR and the related delay in receiving the initial funds. This produced delays in our contracts with local service suppliers (hotel, transport) which caused some administrative snags. Fortunately, these were resolved and did not cause problems for participants.

² Additional funding from GTZ-Ecuador was used to cover food expenses during the workshop and carried up the travel and hotel costs of one of the expositor. SNV support was used to cover the costs of a water-related cultural event by the national ballet at the end of the second morning of the workshop, held at Quito's new Water Museum, Yaku. The EcoCiencia support, as mentioned, provided materials and equipment for the workshop.

2. The workshop itself

The final agenda for the workshop is presented in Appendix 2. It has been corrected to include the actual timing for presentations and discussions, and additional presentations added at the last minute to the program.

The overall workshop was divided, as planned, into five segments, which took place in three locations. The first segment was the first day, organized as a public seminar, featuring the international case studies on PES, and held in the FLACSO auditorium. Alfredo Carrasco, the sub secretary for natural resources of the Ministry of the Environment opened the workshop and welcomed participants on behalf of the Government of Ecuador and the Ministry. Guillermo Fontaine, sociologist and leader of the socio-environmental studies master's program of FLACSO, then added his welcome to the workshop on behalf of the Latin American Faculty for Social Science, FLACSO-Ecuador. Susan V. Poats, Corporación Grupo Randi Randi (CGRR), the moderator for the workshop, followed the welcome speeches with a brief general presentation on the goal and purpose of the workshop and the Scoping Study on CES and Poverty led by ICRAF-Nairobi, supported by IDRC-Canada. She made a general introduction of the participants, and explained the agenda for the day. She also explained that this first day was open to the public in order to stimulate a broader discussion on PES mechanisms. She indicated that the following two days would be limited to invited participants, but that the presentations and workshop report would be available to all upon request. Over 150 persons attended the public event.

Following the opening session, the public event proceeded with three overview presentations: on PES, a summary of the state of the issue on CES and Poverty, as well as the legal context for PES, and a summary of the Ecuadorian experience with PES. These were followed by seven country-level or site-based case study presentations, given either by single presenters or by teams of two or three presenters. The cases were from Mexico, Bolivia, Peru, Brazil, Colombia, and Costa Rica. The next section presents a summary of each case study presentation in English.

The case studies were presented in two segments of three cases each. Each case was allotted 20 minutes for presentation, followed by a brief commentary by one of the RISAS team, and then a plenary discussion was moderated with replies or additional comments from the presenters. The final session had only one case study, followed by three presentations that focused on the lessons, criticisms and debate surrounding the overall experience of Latin America in the application of PES mechanisms. The two case study sessions were divided by

the lunch break, which was intentionally planned for an hour and a half, to allow time for participants to both eat and interact.

During the lunch period, the organizing group including RISAS members, IUCN and other support persons used this opportunity to review the cases presented, and the general flow thus far, and to confirm a procedure for the group discussion sessions on the Issues Papers, scheduled for the following afternoon. This brief meeting was very useful in that all of the moderators for the group discussions had a common outline for both guiding the debate as well as organizing the reports presented in the plenary session on the final day.

After lunch, we moved to a different auditorium, but the shift was very smooth and the change of location was useful in sparking the tone for presentation and debate in the afternoon. There was a concluding plenary session and the day ended at 7pm.

The second segment of the workshop was devoted to the experiences from Ecuador. Held in the newly inaugurated Water Museum, Yaku, overlooking the colonial heart of Quito, this segment highlighted the Water Fund (Fondo de Agua, FONAG) of Quito, featuring presentations from the municipal water company (EMAAP-Q), the director of FONAG (Pablo Lloret) and The Nature Conservancy (TNC-Quito) consultant who designed this particular PES approach (Marta Echavarría). As part of the FONAG experience, CGRR presented a summary of the work the NGO is doing in the San Pedro watershed, funded by FONAG, to support local groups who are reforesting the upper watershed to protect the water sources. These sources provide water to both Quito (via extensive extraction systems) and to local drinking water systems in a variety of communities. Merging these interests enabled the implementation of this specific PES-like activity with support from FONAG.

Two other presentations in this segment complemented the FONAG experience and completed the current picture of the status of PES in Ecuador. The first focused on the Municipality of Pimampiro and the PES experience with the Nueva America forest. In this case, persons owning land in the forest, which protects the headwaters of the municipal water system, are paid to protect their land via funds raised from the water system. The experience is often considered as Ecuador's original 'true' PES experience. The second presentation focused on the municipal water company of the city of Cuenca, in southern Ecuador, where ETAPA is already protecting the sources of the water system, through the co-management and financing of the protected area (the Cajas Ecological Reserve) where they originate. ETAPA is moving towards the creation of a fund similar to FONAG with monies generated from the fees charged via the municipal water system in order to support PES-like actions in local communities.

After an animated plenary session reflecting the dilemmas of trying to classify the Ecuador PES (Pimampiro) and PES-like (FONAG and ETAPA) experiences, the participants had a box lunch and enjoyed a presentation by the Ecuadorian Chamber Ballet focused on the theme of water and people. Afterwards, the group visited the museum exhibitions which portray various aspects of the flow of water through the municipal water system. The group then boarded the bus to return to the Hotel Quito, where the remainder of the workshop was held.

The afternoon of day 2, April 27, began with a plenary, which covered the general opinions and observations about the case studies presented in the first and second segments. This then led to the third segment of the workshop devoted to the presentations of the five issues papers. Questions and answers followed each presentation, however in some cases these sessions were limited by the fact that the presenters were not entirely familiar with the content and intent of each issue paper, as they were not the authors. After the presentations, five groups were formed to discuss the papers and make suggestions reflecting the Latin American experiences with PES and CES. Each group included the presenter of the issues paper, a member of the RISAS group, and a support person from CGRR or a RISAS institution to assist with recording the discussion. The groups met for a short period to organize their tasks, and then a brief plenary was held to plan the next and final day. The workshop closed for the day at 6:30 with a decision to devote the next morning session entirely to the issues paper working groups and then plenary presentations and discussion. The afternoon would be devoted to emerging themes, recommendations and next steps.

The fourth segment of the workshop, in the morning of day 3, April 28, began with a brief set of instructions for the day, and then each group met separately to work on the themes included in each issues paper. The groups met until the break. Following the break, a representative from each group presented a summary of the group's reflections, debate and recommendations. These were recorded on flip charts or directly in a digital file, and then compiled by the workshop support team. A plenary discussion followed the group presentations, and then the group went to lunch.

During the morning session, the moderator kept a running list of emerging themes and recommendations from the discussion. On a separate white board, a summary of the Latin American experience was laid out in a diagram, which was then presented as part of the workshop wrap-up (see below).



This presentation is summarized as part of the conclusions to this report.

The fifth and final segment of the workshop took place after lunch. Participants decided that there was no need to have an additional small group discussion period, and instead the conclusions and recommendations were discussed in plenary. The workshop concluded with words of appreciation to all of the participants, organizers and the CGRR support team, and was celebrated with wine and snacks. A CD copy of all presentations was given to each participant.

3. Overview presentations for Latin America³

This section presents summaries of the two overview presentations that served as the starting point for the workshop. The first focused on the general principles and issues of relating PES to poverty alleviation. The second provided a broad summary of the legal context in Latin America for PES schemes.

Opening Presentations:

State of the Art on Compensation for Environmental Services and Poverty in Latin America. *Marina Kosmus, GTZ, and Andrés Garzón, Ecociencia,*

This presentation, made as a duo, set the tone for the rest of the workshop. In reality, it was two presentations. The first introduced the RISAS network to the public, as one of the organizers of the workshop. The second presented a succinct overview of PES and its relation to poverty alleviation in Latin America.

RISAS stands for Red de Interesados e Interesadas en Servicios Ambientales en Ecuador. At present, it is composed of interested persons from Fundación Ecociencia, Ecodecision Cia. Ltda., Corporación Grupo Randi Randi, Cooperación Técnica Alemana (GTZ-Ecuador) and Servicio de Cooperación Holandés (SNV-Ecuador). Representatives from the Quito office of the Latin American division of IUCN are also participating in RISAS. RISAS grew out of a series of small workshops, consultancies and research initiatives that drew a group of people together to share experiences and debate the validity and impact of PES initiatives in Ecuador. The group was consolidated as a network in 2005, by means of an inter-institutional agreement, and this workshop represents one of the first events co-sponsored by RISAS.

The objectives of RISAS are to:

- ✓ Position and consolidate mechanisms to finance conservation
- ✓ Protect environmental services and adopt integrated and sustainable management for natural resources
- ✓ Promote interchanges, learning and documentation of knowledge and experiences.

RISAS products include a website, meetings, new tools and methodologies, and documentation.

³ The English summaries of the overview and case study presentations were prepared by Susan V. Poats

Turning then to reflect on the state of the art of PES and poverty in Latin America, the presenters first reviewed the accepted concepts and definitions of PES, and its evolution globally and regionally. Emphasis was placed on both environmental and institutional aspects, especially the growing gap between the demand for external funding and available resources. This was followed by a review of the key elements that define poverty. Drawing then on work by the World Bank, the International Institute for Environment and Development (IIED) and Centre for International Forestry Research (CIFOR), a set of issues were raised concerning the connections between PES (CES) and poverty:

- PES/CES is fundamentally a mechanism for conservation and sustainable management of natural resources
- PES/CES respond to environmental considerations and thus geographic consideration (location of ecosystems and environmental services)
- Local participation depends on location in relation to the service being provided and not on socio-economic condition
- Specific obstacles may block the participation of poorer sectors
- Poorer communities have greater problem in generating demand, but without demand, it is impossible to build a PES system
- Participation in PES is voluntary. Those who stay in the system are in agreement with it
- Diversification or productive alternatives are necessary
- Funding must be sustainable and regular
- Alternatives must be found for critical areas where resources are in a poor state and there are few opportunities for income
- Demand should be diverse
- Benefits may be non-monetary
- Payments should be regular.

A set of recommendations were presented to improve the use of PES for poverty alleviation:

- Keep the transaction costs low
- Assure the desired results of compensation (the maintenance of the ES)
- Target the poorest sectors (complete social mapping) in design, implementation and monitoring phases
- Provide assistance for poorest to participate in positive way

- Identify and understand the local landscape of formal and informal property rights
- Assure that the compensation covers, at minimum, the opportunity costs
- Assure that the payment is a real motivation for the desired change in land use.

The presentation concluded with a set of recommendations for projects supporting PES schemes:

- Create a framework that facilitates the PES mechanisms and assures appropriate land use and property rights
- Define and value economically the ecosystem services
- Conduct market analysis
- Design mechanisms that are cost efficient and economically sustainable
- Provide technical assistance for the design of contractual agreements and appropriate monitoring
- Assure the participation of the weakest actors
- Assure that PES design is in accordance with the local sociocultural context
- Create and strengthen local capacities
- Assure that payments are made for the environmental service provided
- Assure that the transactions costs are reduced and that the mechanisms are designed and oriented towards the poor.

The legal and institutional framework for PES in Latin America. *Carina Bracer, Forest Trends, and Augusta Molnar, Rights and Resources Initiative, Washington, DC, USA.*

Carina began by stating that due to the link between environmental and human health, there is a growing need to adequately manage ecosystems. With ever decreasing available funding, market initiatives are emerging all over the world to finance the conservation of ecosystems that provide strategic services. Forest Trends estimates actual investments are about a couple of billion dollars, but the real value of these resources is much larger. It is clear that rules and strategies elaborated for the next decade will greatly influence the investment in conservation for the next 100 years. Why are such mechanisms needed? Because there are faults in traditional regulatory systems, limits to the effectiveness of protected areas and financial markets reward the short term over the long term. In addition, the value of converted forest is more than conserved forest. Finally, public and civic financing has stagnated.

Creating PES schemes is very complex. However, a key lesson is that the legal and institutional framework must be analyzed first, prior to analyzing possible services for payment or negotiating a contract. PES will not contribute to the reduction of poverty unless proactive efforts are made to recognize rights and construct markets that offer equal access to low income producers with high value ecosystems. Another lesson is that government has a critical role to play as the principal buyer and catalyzer for the private sector. However, few countries have an adequate regulatory framework to support PES. Without clear and comprehensive regulations, for all aspects of PES, there is a risk of losing the guarantees for security. If there is an unjust or illegal action, without a solid legal framework, what legal recourse will be available? Finally, there must be coherence and coincidence between local customs and the legal framework. Do local participants believe in the legal framework? Do they participate in its creation and application?

There is also a need for coherence between the legal frameworks created for PES at national levels and existing agreements at international levels. In Latin America, one aspect of particular concern is the coherence between customary law (*derecho consuetudinario*), international law and conventions, and national legal frameworks. Carina raised an interesting question in her presentation: if prior consent is not attained in a contract, is it legal? What legal recourses exist when such consent is not attained? How durable or sustainable can a scheme be if norms of this type are not followed?

Carina argued that Latin America is more advanced than other regions in terms of the debate and agreements concerning the legal framework for PES. In particular, this has included dialog on traditional and indigenous rights. However, more comprehensive analysis is still lacking. Finally, even where norms have been adjusted and a semblance of a legal framework exists, there is still concern about the ability to actually apply these laws, policies and norms in consistent and equal fashion.

4. Case study summaries - regional

This section presents a brief summary in English of each case study presentation from Latin American countries other than Ecuador.

Case study 1. Bolivia

Bees for Water in Los Negros. *Nigel Asquith, Natura, Bolivia.*

Fresh Footprints in the Forest: PES Initiatives in Bolivia. *Sven Wunder and Nina Robertson, Centre for International Forestry Research (CIFOR).*

Nigel showed a short video about a PES experience in the rainforests of Amboró National Park, Bolivia, where water has ironically become an increasingly scarce resource. Farmers in Los Negros are losing out to farmers in Santa Rosa, who source their water upstream in the same watershed. To help resolve this conflict, the two communities have adopted a PES scheme, where farmers in downstream Los Negros compensate farmers in Santa Rosa when the upland farmers conserve forest cover, which in turn conserves water. The compensation arrives in the form of beehives, allowing Santa Rosa farmers to explore alternative livelihoods. At the moment the monitoring for compliance with contracts simply measures forest cover. The NGO Natura also measures streamflow in the watershed.

The video together with the audio script and a full report is available from: http://www.handsonTV.info/series6/programme_6.html

Sven Wunder made a presentation based on the book recently published with similar title (Fresh Footprints in the Forest: PES Initiatives in Bolivia) and authored by Nina Robertson and himself. He began by presenting the questions that guided the study conducted in Bolivia.

- ✓ What types of PES initiatives exist in Bolivia?
- ✓ What have been the environmental impacts of these initiatives?
- ✓ What have been the socioeconomic effects?
- ✓ What lessons can be learned from these initiatives?

This was followed with an overview of Wunder's well-known list of criteria for PES initiatives:

- ✓ PES definition: 1) well defined service, 2) voluntary transaction 3) conditioned on provision of the service 4) minimally comprising one buyer and 5) one seller.

- ✓ PES can be a direct payment and can have ecological ‘prizes’ of bonuses.
- ✓ Types of environmental services are:
 - Carbon sequestration and protection
- ✓ Watershed protection
 - Landscape beauty protection
 - Biodiversity protection

In the study, environmental impacts were measured by analyzing decreases or increases in threats and the size of area affected. Economic and social effects were measured by analyzing economic effects on income and investments. Social effects were measured by analyzing reported effects on internal and external relationships.

The general results of the study were:

- There are no ‘pure’ PES projects in Bolivia, but various PES-like types of projects. These demonstrate some but not all of the PES criteria. The most limiting factor is that of conditionality, or the lack of mechanisms to enforce compliance or to terminate payments in the event of lack of compliance with agreements established. The second most limiting factor is that users do not really pay for the service since there is still much dependence on external donors who provide the payment via project financing. So there is a lack of demand.
- Ecotourism, in Bolivia, is the most common PES-like initiative. The market for such initiatives is well established and growing.
- Water as a resource offers much potential for PES initiatives, especially due to worry over increasing water shortages. However, there is equal concern and resistance over the possibility that PES initiatives might lead to the commercialization of water.
- For carbon protection, the Noel Kempff reserve initiative is a pioneer experience, but in terms of carbon sequestration, the potential is sub-utilized.
- Biodiversity protection generates much interest but real demand is as yet uncertain.

Environmental effects

Many impacts are only incipient, and there is great variability due to scale effects. Positive effects include the increase in soil conservation; however, very little hard data is available. In terms of risks, there are still many ‘leakages’ and there are some indirect threats.

Economic effects

In terms of positive effects, the majority of the ‘sellers’ were very poor because they occupy the strategic areas for the initiative. In general, they have gained from their participation through increased income, investments and other benefits. No one was ‘trapped’ into participating. In terms of risks, the opportunity costs were under compensated and efficient conservation means limiting the free access to land by third parties (colonists). Economic impact was generally in terms of ecotourism. The following presents the annual monetary income per household in the areas studied (net gain plus internal salary):

- Chalalán US\$640
- Reserva Eduardo Avaroa US\$473
- Mapajo US\$254
- La Chonta US\$ 77

Collective benefits or investments included health, schools and electrification. Non economic benefits included greater visibility, internal organization and external contacts. Positive social effects included internal and external collaboration among actors (stakeholders), cultural pride (especially in ecotourism), the formal delimitation of territory (4 cases) and the reduction in youth emigration (greater cohesion). The risks were expressed as jealousy in the distribution of resources, and power inequities and other irregularities in the management of funds.

Conclusions from the study

- Many incipient initiatives are PSA-like.
- Environmental effects are generally positive, but lack conditionality, and there is great variation, and often indirect effects.
- Sellers benefit from an increase in income and social investments
- The internal distribution of benefits is variable.

Recommendations from the study

- There is a need to invest in dialog processes among stakeholders to establish confidence.
- More work is needed with service users to evaluate and stimulate demand.
- Conditionality for initiatives should be increased.

- Continuous monitoring of effects should be done. This requires a baseline and success indicators.
- Donors are important in the start up of PES, but in the long run, initiatives must be self-sustaining.

Case study 2. Peru

San Rafael – Model Community for Natural Resource and Ecosystem

Management. *Pedro Vela, Comunidad San Rafael, Río Amazonas, Peru and Alejandro Salazar Vega, IIAP FOCAL BOSQUES.*

This case study, from the Amazon region of Peru, demonstrates how a PES initiative focused on ecotourism can provide sufficient incentive to a local community to protect their natural and forest resources and ecosystems. The initiative is lead by IIAP in collaboration with CARE, CEDIA, PRONATURALEZA and SNV and funded by the European Union. The project duration is January 2003 to December 2007. The IIAP project as a whole is focused on capacity building and support to communities to protect natural resources. A variety of conservation and development initiatives and strategies are included in the project. One of the key experiences, COPAPMA, deals with a PES initiative for Ecotourism in the riverside community of San Rafael. The community has a communal forest comprised of primary forest located in the Yanamomo-Mishana corridor. The community decides to conserve the forest using sustainable approaches and Comité de Promoción de Ecoturismo or COPETUR is created with support from the project. The forest is 900 ha, with 172 ha of primary forest. There are 60 families involved in the organization. The ecotourism initiative includes the creation of tourist circuits, training of local residents in tourism services, handicrafts, marketing, and the initiation of live-in tourism. The project helps to support the creation of the ecotourism enterprise. A management plan with a focus on ecotourism is elaborated by the community with support from the project.

Positive response from tourists, due to fairly close proximity to Iquitos, a very popular tourist destination for jungle tours in Peru, encourages further conservation initiatives. Sightings of animals provide incentives to conserve. Alternative production activities are stimulated by both purchases by tourists as well as market opening provided by the project. This has lead to new sources of donor funding (the operation is not yet totally self sufficient) and new actions. This in turn is leading to, according to the presenters, a reduction in youth out migration because the youth have been able to find employment and satisfaction in this local tourism industry.

In the plenary discussion following this presentation there was debate about whether the initiative is truly a PES initiative, or PES-like, since the issues of payments, distribution, and conditionality are not clear.

Case study 3. Brazil

Proambiente in the Brazilian Amazon. *Gilberto Scchittini, Maria de Jesus Lima and Ana Paula Sousa, Proambiente, Ministry of Environment, Brazil.*

The presentation of this case was made by Gilberto Scchittini, with personal accounts and experiences added by Maria de Jesus Lima and Ana Paula Sousa, who work in the field level operations. This case study is based on a recently implemented project (2004-2007) that includes several kinds of protected areas, conservation areas and sustainable use areas in the Brazilian Amazon region. It is funded and operated by the Ministry of Environment's Secretaria de Políticas para o Desenvolvimento Sustentável (Policy Secretariat for Sustainable Development) and is known as Proambiente. The objective of Proambiente is to promote equilibrium between the conservation of natural resources and rural family production by means of rural territorial management focused on integrated planning of rural production units and the provision of environmental services. This is to be achieved by making environmental conservation compatible with rural production and thus guaranteeing food security for family producers. To be successful in the future, this will require changes in development policies through the insertion of environmental variables and objectives, as well as the incorporation of environmental services at landscape scales.

In this initiative, differentiated technical assistance is provided to participating producers (some 500 in each 'polo' or site) who participate in territorial planning and productive unit plans in order to obtain a certification of conservation compliance. Certification includes both participatory community certification as well as external audit. In the scheme, those certified should receive compensations of various types for their provision of environmental services.⁴

Public and private mechanisms are proposed in the project to certify the provision of the services, as well as to provide the technical assistance needed at household and territorial levels. There is a subprogram for research by the public agency for agricultural research, EMBRAPA, and includes research on innovative production initiatives and monitoring indicators for environmental services. Tasks also include diagnostics on environmental

⁴ In the presentation, it was not clear how many of the 500 families have received a payment, nor what percentage of families these represent in the total area currently covered or to be covered by the project. In the commentaries following the presentation it was clarified that payments have only been made during the past six months, and thus it would be premature to assess the impact of the initiative on poverty alleviation.

perception, environmental monitoring, and the analysis of the potential participation in carbon markets.

In this scheme, the sellers are rural producer families, the buyer is Brazilian society via the Federal Government, and the intermediaries are technical assistance NGOs and social organizations that mobilize and represent producers. Contracts are being established based on local plans and formal arrangements for monitoring and technical assistance are included. Payments are calculated as 1/3 of a minimum monthly wage to be paid based on meeting the criteria for compliance established in the contracts. No information was presented on how many contracts are currently operating, or how many payments have been made to date.

The initiative reports various positive features:

- Reduced transaction costs via local partnerships and farmer
- Stakeholder involvement via national management counsel and local counsels
- Flexible methodology that includes considerations of Amazon diversity
- Scientific validation via on-going research
- Innovative monitoring via the mixed contract
- Orientation towards traditional populations with low income.

The major obstacle to longer term sustainability for Proambiente is that public funding has not been secured for the following years to come.

Case study 4. Colombia and Peru

Experiences with PES in Colombia and Peru: the cases of Fúquene and Alto

Mayo. *Alonso Moreno, CONDESAN/GTZ, Peru.*

This presentation compared and contrasted two experiences with PES. The first at Lake Fúquene in Colombia, and the second from the Alto Mayo in the upper Amazon region of Peru. Both experiences are part of the work being conducted within the CONDESAN network of sites in the Andes, and are part of the Andean system of basins involved in the Water and Food Challenge Program of the CGIAR. The characteristics of each case are summarized below:

Lake Fúquene:

- Area: 1752 sq km

- Population: 185000
- Altitude: 2300 – 3300 m.s.n.m
- Agricultural production: milk and milk products, potatoes, wheat, peas, and horticultural crops
- Upper watershed: small producers
- Middle and lower watershed: medium and large livestock and crop producers

Alto Mayo:

- Area: 7818 sq km
- Population: 213000
- Altitude: 800 – 3800 m.s.n.m
- Production base: coffee, corn, forest products
- Migratory small producers
- High level of subsistence production and poverty in upper watershed

In the Fúquene lake watershed, the problems encountered include eutrophication of the lake due to contamination from agrochemicals (high levels of N, P) and waste water, decreasing volume of available water, deforestation, erosion, loss of biodiversity, as well as policies aimed at land reclamation for production. In Alto Mayo, the problems are high levels of erosion, decreasing volume of water in dry season, decrease in water quality due to sedimentation and contamination, deforestation and loss of biodiversity, loss of scenic beauty, few technical alternatives for producers in the upper watershed, and increasing costs for the water company.

In both cases, the research process focused on the creation of a PES scheme with incentives for producers to combine soil and forest conserving tactics with alternatives to reduce negative impacts on the water system of each watershed. This involved creating ‘game rules’ among actors, with their participation, in order to impose taxes and subsidies, good regulatory management by local government, reforms in tributary regulations with environmental emphasis, conservation contracts, payments/compensations for environmental services and financial mechanisms to support each program. The scheme also included direct support for the adoption of good agricultural and forestry practices. In both cases, watershed analysis provided the information necessary to propose alternative management. In Fúquene the proposal focused on maintaining ground cover, use of low till methods and incorporation of green manure. This ‘package’ reduced the negative impacts and enhanced the positive

services in the system. It was also proven less costly than the traditional production technology for potatoes. In Alto Mayo, the technical proposal was more complex, involving the analysis of 3 different agroforestry designs for shade coffee production.

A number of lessons about the application of MFSA or PES have emerged from the two cases.⁵

1. There are no recipes for the design of a PES. Each watershed is different and requires careful study.
2. PES is a useful instrument to order, sensitize and teach the concepts of integrated resource management.
3. Without biophysical, socioeconomic and institutional analysis, it is not possible to design an effective PES.
4. PES design is a complicated process requiring interdisciplinary research teams and active participation of buyers and sellers. There needs to be wide debate and dialog and participation.
5. PES is a concept in construction. It is necessary to systematize the experiences and contexts in order to reduce less than rigorous application, and to reduce confusion in the results.
6. The studies required for PES are useful to break stereotypes in natural resource management, to build consensus, and to identify strategies for sustainable use.
7. PES is a complementary instrument for environmental policy. But, it is not the only instrument, and it is not a panacea for environmental problems.
8. A PES project can be organized in subprograms or phases. For example, a subproject to improve organization or to support technical alternatives for generating environmental services can begin which will be neutral or positive for income, while the PES scheme is being created.
9. PES can facilitate the integrated management of watersheds and contribute to better governance for water and other natural resources.
10. The State must play a fundamental role in market generation for ES which does not already exist.

⁵ In this presentation, the author used the term 'mecanismos financieros para servicios ambientales' or mechanisms for financing environmental services, MFSA, in various parts. To facilitate this report, the term PES was used generally.

With respect to the final lesson, local governments must adopt a long term vision in order to implement PES initiatives. Attention must be paid to the legal and regulatory environment, and local policies as well as national. There is a need to target poor populations, engage in the generation of supporting funds, engage local support. PES (though not for large scale mechanisms such as carbon sequestration) requires both decentralization and local empowerment.

The presentation concluded with a list of the difficulties encountered in both experiences.

- Low institutional capacity to conduct necessary studies.
- Lack of clarity in property rights.
- Scarce financial resources for pre-investment.
- Exaggerated expectations for PES.
- Scarcity of information about other experiences and training on the concept.
- Prevalence of myths about the relationships between variables.
- Undefined or inadequate state policy and legal framework.
- Lack of clarity on the objectives (resource sustainability, poverty reduction, production increases, competitiveness? All, some, one?)
- Lack of basic information for studies.
- Possible development of perverse incentives.

Case study 5. Colombia

Integrated Silvopastoral Approaches for Ecosystem Management.

Julian Chara, CIPAV-Colombia.

This presentation is based on a project that is operating in Colombia, Costa Rica and Nicaragua. The results presented are from the Colombian site in the La Vieja watershed in the departments of Valle del Cauca and Quindío. In this area, falling coffee prices have led to deforestation and degradation in the predominating coffee and livestock production systems. It has also greatly lowered the demand for labor, especially among women who previously worked in coffee. The hypothesis driving the project is that payments for environmental services will promote a more rapid adoption of silvopastoral systems and land use systems more compatible with nature conservation. Additionally, these systems promote increments in diversity, carbon sequestration and water quality.

In this system, the criteria for environmental service payments are:

- Increases in the provision of environmental services for carbon and biodiversity in response to changes in land use according to the index carbon and biodiversity (*C & Bd*) developed.
- The amounts paid at field level do not exceed US\$6,000 in Colombia and US\$4,500 in Costa Rica and Nicaragua.
- Payments are proportional to the increments measured in relation to the baseline established in the first year.

The PES initiative includes differential payments per hectare based on a valuation of the land and its cover or environmental management system at startup. Payments per unit can increase when farmers implement more highly valued management practices. An important aspect of this project is the extensive research that is accompanying the development and implementation of the PES scheme.

The challenges identified by the project for future PES schemes are several:

- Lower the monitoring costs
- Simplify the number of soil uses
- Amplify the system with adjustments
- Adapt the strategy to zones with less capital
- Create more political incidence
- Intervene in the destination of resources already created through
 - Retributive tariffs
 - Transfers from the electric sector
- Link to differentiated markets

Case study 6. Mexico

Fighting Poverty and Conserving Biodiversity by Communities and Indigenous groups in Oaxaca, Michoacan and Guerrero States, Mexico.

Francisco Chapela, National Project Coordinator, Oaxaca.

This presentation focuses on the PES scheme of the National Forestry Commission (CONAFOR) of Mexico and the COINBIO project. The basic idea behind the scheme is to

use the market to obtain better environmental management. In the scheme, CONAFOR provides economic resources to beneficiaries in order to develop and promote a market for environmental services. Money comes from taxes and a World Bank credit. Beneficiaries receive Mex\$300 for temperate forests, Mex\$400 for tropical forest, and Mex\$28-37 for mesofilic forests per hectare for 5 years. Each private owner, community or 'ejido' can receive support for 50 to 4,000 hectares. CONAFOR defines the eligible areas. Local forest owners solicit the support from the PES-H program. CONAFOR organizes and heads the selection committee which decides which proposals will be supported, based on previously defined selection criteria.

In COINBIO, the focus is on indigenous and campesino communities and territories. The lessons from this experience are:

- Communities and ejidos are able to establish protected areas with high degrees of management Investing in participation pays off
- Communities and ejidos develop sustainable systems for management
- The project design was good and could be extrapolated to new areas
- Promoting sustainable use of biodiversity generates new expectations for development
- Proven instruments now exist for the self-management of biodiversity
- More consideration needs to be given to the transaction costs

These lessons are being incorporated into the design for a new program for Mexico. Francisco Chapela closed with a quotation from Amartya Sen describing 'development as freedom' and reminded the workshop participants of the basic rights of the poor to participate in national development initiatives. However, with PES, he recognized that this is still a difficult objective to achieve.

Case study 7. Costa Rica

Payments for Environmental Services: The Costa Rican Case.

Manrique Rojas, Edificadora Beta S.A., Costa Rica.

Much has been written about the Costa Rican experience with PES. For Latin America, it is often 'the example' posed to other countries to follow when considering the establishment of new PES schemes. The presentation by Manrique Rojas reviewed this experience, highlighting the particular features of the forestry system and the reforestation program at the national level in the 70's that was the basis for creating what operates today as a national PES

scheme. Rojas demonstrated the multi-donor aspect as well as the multiple types of both payments and payers, including both the water sector payments as well as those payments made through taxes on gasoline sold in the country.

The presentation pointed out several success factors as well as adjustments made in the system over the years. One important factor was that the same institution that was responsible for the earlier reforestation and forest protection, FONAFIFO, was converted to handle PES, rather than creating a new institution. This could be an important lesson for other countries. Recently, agroforestry systems have been added to the PES scheme. Global contracts have been arranged favoring collective territories and forests. Indicators have been created for gender differentiation and for indigenous lands. Currently there are increases in the amounts of PES that are going to reforestation and to forest management, rather than just for protection.

Rojas asks some critical questions about the relationship between PES and poverty reduction. He points out that the Costa Rican PES scheme was not designed as a poverty reduction instrument. Certain efforts have been incorporated to explicitly reduce poverty such as prioritization of poorer cantons, targeting women property owners and indigenous reserves, and the creation of global contracts. However, he points out that the principle benefit is not economic for these groups.

Rojas concludes with a provocative comment. The average income of a poor family is US\$1,882/yr which is equal to 30 ha in PES scheme. How many poor families have 30 ha of forest in the PES priority zones? At US\$2,000/ha, 30 ha = US\$60,000. Wouldn't it be better to sell the land and invest the money?

The final three presentations by Rosas, Izko and Gentes focused on a more regional view and commentary about PES and especially about the potential of these schemes to reduce poverty. Xavier Izko's presentation was not made in PowerPoint and we do not have a copy yet, so it is not summarized here.

Compensation for Ecosystem Services and Poor Rural Communities: Five Global Lessons from the Americas. *Herman Rosa, PRISMA, El Salvador.*

This was the presentation of the workshop that delved most into the difficult issue of whether PES is an instrument with potential for reducing poverty. One point argued at the onset by Rosa is that the term should be 'ecosystem services' and not 'environmental services'. Though Rosa is adamant on this point, participants agreed that this workshop was not the right moment to debate the term, and that this should be raised at a subsequent event or in

electronic debate. Using examples from Costa Rica, Brazil, New York State, and Peru, Rosa presented arguments for his five lessons listed below:

1. The definitions and rules of PES/RSA/CSA/CSE schemes reflect the interest, visions and power of the actors involved, as well as local lessons learned.
2. Unless there is an expansion or increase in their rights over natural resources, the poor will have great difficulty in benefiting from PES/CSE schemes.
3. Negotiating platforms that are inclusive of all actors permit the establishment of schemes and compensation packages that are more appropriate to local realities.
4. A broad concept of ecosystem services is critical to value human action, dialog about options and think about CSE schemes that are close to the realities of the rural poor.
5. CSE schemes targeted to the poor should consider two priorities: self sufficiency and income generation in more well-known or existing markets. Support for the improvement of existing practices to meet self-supply or subsistence and income generation can also be an efficient way to obtain services for third party interests (water, biodiversity, carbon sequestration).

In his final reflection, Rosa stated that Compensation for Ecosystem Services is much more than an instrument for conservation. It is an approach to revalidate (revalue) the role of poor rural communities in the management of ecosystems and rural spaces. With this approach, policies, initiatives and resources can be mobilized to fortify the means of life for the rural poor while improving the management of natural resources.

Payments for environmental services (PES): a critical view from local rights.

Ingo Gentes, consultant/researcher, WALIR-CEPAL, Chile.

Ingo Gentes focused his presentation on an analysis of PES schemes for water and the criticisms arising from legal analyses based on indigenous rights and collective rights. A key element in this analysis is that these models implicitly provide incentives for the privatization of water. The intent focused on environmental recuperation serves as an excuse for the implementation of neo-liberal models, which augment different forms of economic, political

and social exclusion, and increase the problems caused in the region by the lack of good land use planning, the shortfalls of agrarian reform and scarce cultural recognition.

Gentes argues that many of the basic tenets of PES systems are not really implemented. For example, the criterion of voluntary participation is often obviated by public decree or mandatory national programs. Gentes cites the European Community's Water Framework 2000 as a source of policy that could be positive for other water PES systems in the region. Based on cases from the Andean region, Gentes argues that the regulatory frameworks in these countries are not strong enough to protect the rights of land holders in PES priority ecosystems nor are they sufficient to protect the environmental fragility of these systems, for example in the páramos of Ecuador in indigenous territories. He states that too often the PES schemes are the result of political negotiation rather than careful hydrological study and long term financial analysis. There is little consideration of how such schemes should work in territories where land right are neither individual nor recognized in titles, but are rather collective and ancestral. In such cases, the debate centers on the fundamental recognition of water as an economic resource or as a human right. Additionally, water management in the Andean region is more often part of a larger management system or approach to a territory, rather than restricted to the explicit watercourse. As such, any scheme must also be based on a territorial assessment, and not just an analysis of the users and providers of water. He suggests that care must be taken in designing schemes that will not allow resources to be monopolized by a few, even in situations of ancestral collectivity.

In conclusion, Gentes suggests that PES will not solve the debate between water as a good or as a right, and may produce counterproductive results that decrease welfare and internal coherence of local populations and societies. The valuation of water in the Andean region requires a socioeconomic and cultural approach. This is especially true in areas of legal pluralism in order to promote participatory management among those with ancestral rights and those with officially titled rights.

5. Ecuador case studies

This section presents summaries in English of the Ecuador presentations, both from the opening session, as well as from the second day in the morning. Results and lessons from these cases are also summarized in the report prepared on Ecuador by Jackeline Contreras, and presented separately to the ICRAF Scoping Study Project.

Ecuador Presentations

PES in Ecuador. *Montserrat Alban, Ecociencia, and Diego Burneo, Economist.*

Montserrat Alban, a RISAS member, presented a brief overview of the PES and PES-like initiatives in Ecuador. These can be organized in four types: in protected areas, in small municipalities, for carbon sequestration, and in organizations and communities.

The schemes tend to be decentralized, with little state participation and regulating norms do not exist. The experiences have been implemented by external agents, especially national NGOs and with international funding. There is limited financial sustainability and high dependence on external funds. Impact on the livelihoods of the communities is relative. There has been limited strengthening of the communities involved, mostly relating to basic training on forest management, but there are no changes in the existing economic activities of the communities, but some new activities such as ecotourism and medicinal plant production have been introduced.

Results concerning monetary impact were presented for two cases: Pimampiro and PROFAFOR. Payments are not made for the service, but for the land use. Opportunity cost is not considered in the payment establishment. No conservation additionalities were registered. Monitoring of social and environmental results is limited and there is no control of 'escapes'. There are various systems for sanctions.

In conclusion, these schemes have arisen from the need to develop new models for conservation and development that combine private investment with production and management models. The challenge is to create social responsibility as well as financial viability. Poverty reduction is not a direct objective of the payments. The systems are still weak and not all service users are incorporated as these are voluntary, not obligatory. The schemes have been created in places with less land dependence thus with lower opportunity costs. Further work is necessary to strengthen the design of the schemes in terms of duration, financing and institutionalization.

El Fondo para la protección del Agua, (The Water Protection Fund) Municipio de Quito. *Pablo Lloret, Director Ejecutivo, FONAG.*

PES and poverty alleviation: the vision of FONAG. *Marta Echavarría, ECODECISION.*

Increasing threats of water scarcity in Quito provided the incentive, in 1997, to create a municipal mechanism to protect the sources of Quito's water. The fund, known as FONAG, was created in 2000 and in 2004 it began to finance water conservation actions.

These two presentations, by the director of the fund, and by the consultant who designed the fund, provide a clear overview of this experience and present new issues for the debate on PES and poverty.

The funding for FONAG comes from the fees that water users (the population of Quito) pay into the fund for the water services provided by the municipal water company. Monies invested to create the fund came from donations and contributions from both international cooperation as well as private industry (the local brewery). The interest earned on the fund is used to support projects and actions, both by the municipal water company as well as by NGOs working with communities located in or near the areas of ecosystem water storage (the páramo). Such actions are a major part of the FONAG agenda, but an equally important part is the creation of a 'water culture' in Quito through the support of diverse actions (art, propaganda, information, and advertising). The expectation is that these initiatives, over the long run, will result in better overall watershed management. The principal type of initiative is reforestation. Now that the fund is capitalized and providing financial support to a number of projects, other municipal governments are beginning to investigate how they might replicate a type of FONAG in their areas.

The fund is characterized as 'PES-like' in that 'buyers' of the service, water, pay into the fund as part of their use fees. However, the fund does not provide direct payments to individuals who protect their land for water conservation. Rather, FONAG supports projects that will produce results for their interests, as well as the interests of the community. For many specialists, the FONAG case is not PES, however, to others, it is a valid representation of the basic concept of PES: that those who utilize an environmental service should pay to help support the long term durability of the service. By funding projects, rather than individuals, broader community participation is promoted, and the funds can serve to attract additional funding and support for the communities involved.

At present, a number of other municipalities are exploring the possibility of creating FONAG-like funds to finance the protection of the watersheds that provide the sources of their drinking water systems.

Models for retribution to the sources of water. *Mauricio Proaño, Corporación Grupo Randi Randi (CGRR), Quito.*

CGRR has adopted the term 'retribution to the sources' to describe a set of proposals and actions that are also PES-like. The term in Spanish explicitly refers to non-monetary means for users of environmental services to support the protection and conservation of those services. This approach is being applied to two rural watersheds in highland Ecuador: in the

El Angel River watershed in Carchi province in the north, and in the upper reaches of the San Pedro watershed just south of Quito.

In the El Angel, the proposed mechanism is based on an analysis of the cost of protecting the páramos at the top of the watershed (the water towers of the Andes) through community resource management plans. These plans have been developed for most of the communities in the upper watershed, where the sources are located for all of the irrigation systems of the lower watershed. The mechanism, a type of fiduciary fund similar to FONAG, will involve local municipalities and entities that contribute payments according to amount of water use. However, the difference in this case with FONAG is that the bulk of the payments would come from irrigation use. The irrigation societies have approved this scheme, and at present, focus is on generating initial set up funds to cover the transaction costs for creating the fund and to provide three years of funds for action, while the fund capitalized through regular payments from the irrigation fees. Nonetheless, the mechanism has already started to function through the retributions that have been enacted to purchase critical land areas for water storage in the upper watershed by some of the irrigation societies located in the lower area. Community park rangers have been set up with external funding to collaborate with the Ministry of Environment officials to protect the El Angel Reserve, at the very top of the watershed. Finally, with funds from USAID via the program to mitigate the impact in Ecuador of funding for Plan Colombia, a series of small reforestation efforts have taken place that have explicitly engaged irrigation and potable water users from the middle and lower zones of the watershed to reforest in the upper zone, in collaboration with those land owners both small and large who have property in water sensitive areas.

In the San Pedro, the situation is quite different. This area is part of the larger set of watersheds that provide water for Quito's municipal water system. As such, it falls in the range of possible funding for water conservation initiatives from FONAG. But the same páramos also hold the sources of water for numerous small 'juntas de agua potable' or drinking water associations for small rural communities and for the city of Machachi. CGRR, through the local watershed platform, CODECAME, obtained funding from FONAG to support a fairly large watershed reforestation program, focused on community participation through mingas or collective action. Some 85,000 trees have been planted to date. The support from FONAG is calculated on a fee per tree planted. This fee is sufficient to cover the cost of the tree, the cost of technical assistance from CGRR for training and identifying through GIS the areas to be reforested, and the support for the communities to participate (transportation and food). For FONAG, the investment is to protect the sources of Quito water, but for CODECAME, the effort is to protect the many micro sources of drinking water

in poorer rural communities. Thus, this effort could be classified as a good example of additionality.

Economic retribution for the protection and conservation of native forests and paramos and the environmental services of these ecosystems in Nueva

America. *Aurelio Guerrero, Leader UMAT, Pimampiro Municipality, Imbabura Province.*

This is likely the best known case of PES in Ecuador and the case that conforms most strictly to the Wunder's criteria for PES schemes. The experience has been documented and presented in many fora concerning conservation and development in the Andes. The scheme was created to protect the forests of the Nueva America community of small, medium and large landowners where the sources of the drinking water systems for Pimampiro are located. Created as a pilot effort, with external funding (Interamerican Foundation), and technical support from a national community forestry program (FAO and Government of Netherlands), the scheme provides a payment per hectare of protected forest to landowners with funds generated from the fees paid to the municipality for drinking water. Today, a fund has been created, with a local board and oversight mechanisms. Though some of the original 27 'sellers' with 683 ha of forest in the scheme have dropped out, the scheme continues to function and the municipality monitors the operation and impact. The most important result is the increase in water supply: from 2 hours of water 3 days a week for 1,200 users in 2001 (flow rate of 5 l/s), to 1,496 users with 8 hours of water per day in 2004, and a flow rate of 13 l/s.

The presentation included a frank discussion of both the successes and difficulties encountered along the way of the scheme. For example, in constructing a new canal for water transport through the forest, 40 ha were affected, and this has not yet been mitigated, despite the supposed commitment of the municipality to the scheme and its overall intentions to protect the forest through the forest management plan. At present, the scheme protects and pays support for 390 ha of forest and 163 ha of páramo. Payments currently made to the 19 remaining landholders in the scheme range from 50 cents to one US\$ per ha per month.

The recommendations generated from the experience include:

- Prioritize the areas for conservation taking into consideration the social situation in the zone.
- Any area to be considered in a PES scheme should have a prior management plan that is created, analyzed and approved by the landowners following technical and regulatory norms.

- A multidisciplinary team to lead the initiative is necessary.
- Always create spaces for agreements and negotiations.
- Have clear and precise game rules.
- Consider and include the urban-rural connections in the whole process

ETAPA, the public municipal company for telecommunications, potable water, sewage and sanitation of Cuenca. *Janet Leon, ETAPA, Cuenca.*

This presentation focused on the municipal water and telecommunications company of Cuenca, ETAPA, and its actions to protect 8,759 ha within the Rio Tomebamba watershed, (33,122 ha in size), and the Rio Machangara watershed. At the top of one of the watersheds is the Cajas protected area, which is now operated and managed by ETAPA. This experience, which clearly shows the significant efforts of a municipal water company to conserve the watershed that provides water, cannot really be considered as a PES scheme. ETAPA designates a part of its revenues towards an impressive program of environmental management designed to maintain a clean source of water, thus reducing the need for chemical potabilization. However, the company collects the fees from users and the company invests them in the environmental program. Thus, there are no other sellers in the scheme. But, ETAPA is now studying the FONAG experience and is considering the establishment of a similar fund in order to provide support to landowners outside of the protected area for community conservation initiatives, as well as other complementary initiatives.

6. Summaries of group discussion on issue papers

Issue Paper 1

Key ideas:

- Analyze sellers and buyers (providers and buyers) in terms of poor-rich, rich-poor, and poor-poor. Is this really win-win, or win-loose?
- PES is both preventative and curative
- Organization of both buyers and sellers is necessary

- Administrative organization of PES (agreements and times) and regulatory frameworks must be considered from the start
- The inclusion of cultural mechanisms such as the minga (reciprocity) or other kinds of initiatives may work better to relate or connect buyers and sellers.
- Cultural perceptions are important: some cultures do not want payments, but rather compensation in the form of other services such as technical assistance and more community based compensations. Be aware of and consider the cultural pattern of the local population.

Additional ideas of group presented on cards:

- the offers and demands of third parties should be analyzed
- Criteria to include beneficiaries → depends on the socio-economic context but also on the service
- Adjusting the scheme with agreements that are contextualized and operationalized within socio cultural realities.
- Cash is not always the best option-> may have high risks
- Temporality may relate to action, prevention <-> curative mechanisms may coexist and be related, and may create more demand
- Analyze the form of the scheme in traditional cultures
- As a starting point, consider what is the existing regulatory framework
- If there is external support that will terminate, how can this be sustainable in the long term?
- The importance of organization and the need to analyze access-negotiation-results.
- Create a critical mass to socialize information and strengthen confidence.
- Some very poor sectors should receive technical assistance
- Develop capacity at different levels
- Particularities of the Andean region in terms of topography, geography, and social structure with diverse population in small spaces create implications for PES and demand more localized adaptations. One size does not fit all.

General ideas and suggestions:

- The entry point is to link demand to potential supplies of Environmental Services (ES). However, the link between ES and poverty is often nebulous. The tangible benefits are often in the future and are not readily apparent especially for the poor.
- A longer term framework must be adapted to PES, and it is essential to locate specifically and physically the poor in order to create mechanisms that directly relate to their needs.
- The notion that the poor are at the top and the rich at the bottom of the watersheds for PES schemes does not always play out in the Andes. It is dangerous to make assumptions about the social and economic diversity of each setting for a potential PES. Diagnosis of these conditions becomes crucial and local adjustments and adaptations (and ability to adjust and innovate as needed) will be essential for a PES to focus on rural poverty. Small towns as buyers often do not have the resources to enter a PES scheme. How can they be involved? Strategies must also be developed to bring greatly diverse groups together for negotiations. For example, how can poor highland potato farmers be equipped and trained to negotiate with wealthy large scale rice farmers?
- If there are many poor, there is no demand for the ES, so how can a PES be applied? When the poor are numerous, organization is more difficult, yet organization is the key to participation of the poor in PES. With private owners, an agreement can be reached more easily; but with communities, this is often much more difficult, complex and time consuming.
- Regulatory systems are necessary, not only to level playing fields in inequitable negotiations (poor-rich) but also to guarantee the long-term controls and norms to conserve fragile ecosystems. These cannot be short term in nature.
- There is still a lack of information about the diversity of PES schemes, in Spanish, and in simple formats that can be used to promote interest and support for these systems. There is information exchanged among the countries of the region, but very little opportunities for informed debate. The little debate that does exist is often exclusive of those persons and agencies who traditionally work with the poor. The debate tends to be restricted to the initiated or the already converted. There is little debate based on fact between proponents and detractors, and thus the criticism often becomes simply repeated rhetoric without factual substantiation.
- In trying to pursue pro-poor PES few have looked at solidarity mechanisms and other cultural options for expanding the portfolio of PES.
- Many communities do not have internal systems to handle funds that may be paid as part of PES. Establishing these from scratch may take a very long time. It may be more useful to adapt existing institutions to the new concept rather than creating new institutions,

which can take a long time, and require much more investment. Training is essential to the set up of the mechanisms, at all levels, especially for leaders both men and women, and a focus on young people who will have to carry these forward into the future. Local systems for vigilance and monitoring must also be created and strengthened from the start.

Issue Paper 2

Criteria for debate:

1. The targeting on the poor and clear expectations are key, and must be defined and detailed in the contracts for a PES mechanism.
2. They must represent production alternatives.
3. There must be participation in the determination of the type, kind, form, time of compensation, and this must include the vision and values of the different actors involved.
4. The mechanism must represent additionality in environmental and social terms, especially in the social. Additionality can be increments in social capital and in organizational capacity.
5. The mechanism must be transparent and simple. Transparency must mean all participants have access to information.
6. It must be voluntary.
7. Organizational prerequisites must be incorporated.

Mysteries without resolution: points without agreement

- Transaction costs
- Prerequisites: no payment for no action
- What about non-participants in the system?
- What about social escapes or leaks?
- How should the market be regulated?

Some final thoughts:

- There is a need to classify and understand the criteria to measure impact from the onset.
- Why must a scheme be voluntary? This is not the case with the Kyoto Protocol. This needs to be elaborated more. There are many examples of participation in a scheme,

which are neither a buy nor a sell, such as in the voluntary planting of a tree. How is interest and ability of a person to support the idea to be quantified? The Kyoto protocol is signed by the persons who want it. It is voluntary for the offers of services but not for the buyers.

- PES is one more tool for rural development. However, not all variables nor issues or desires and demands for rural development can be met with this same mechanism. Don't err by putting everything in the same bag or by creating too many expectations for the mechanism. Just because it is popular now (a fad?) it should not be used everywhere. Its use must be carefully differentiated so that it does not become diluted, and no longer useful.

Issue Paper 3

(Note: this group restricted their written comments to a set of recommendations for the Issues Paper.)

Recommendations:

- PES/CES⁶ is a tool and not an end, and will not alleviate poverty nor improve the environment on its own. It must be integrated as a strategy in a larger program of development.
- We should not speak of 'the poor'. Poor is a reductionist term and instead should be framed in schemes to reduce poverty. Strategies must be sought that permit the inclusion of poorer people in processes that focus on reduction of poverty in the heart of the community (internal distribution, equity, etc.).
- Property rights and impact assessment must be systematically included and registered in a PES. Communities must be assured the capacity to defend these rights.
- Mechanisms must be promoted to integrate all members of communities, even when there is great diversity among members. Mechanisms should not promote further inequities internally, so that communities themselves can become multipliers of the mechanisms.
- Care must be taken to prevent PES from becoming mono-production so that a community does not just survive on the mechanism. Perhaps low payment mechanisms like carbon are better in this senses, greater impact long term but avoiding total dependence on the mechanism.

⁶ Compensation for Environmental Services (CES)

- Care must be taken not to forget the environmental objective of PES. There is a great deal of variety in perceptions about this. A question remains though: How to strengthen this dimension without forgetting the differences?
- Avoid converting these schemes into perverse incentives or speculations. Avoid promoting this aspect which could stimulate communities to enter for the wrong reasons.
- Do not condition access to basic social and utility services to the provision of Environmental Services, as it would jeopardize their concept as a right. It is important to develop appropriate compensation mechanisms
- Do not restrict the schemes to market systems; rather, try to be as creative as possible. If we only have a market view, we will not progress. Do not view the market in one single format, or else it will be difficult to integrate the most vulnerable.

Issue Paper 4

General Issues:

- The need for titling property and recognizing rights is especially important for PES. This implies institutional capacity to meet this need, either by the state or through work by NGOs. It also implies agreements on the methods to be used and the risks involved. The topic needs more debate and clarity. Decisions must be based on a case to case analysis.
- Roles of intermediaries: NGOs and State level. Roles of these intermediaries must adapt to conditions at different levels of action: local, national, global. These different levels can create conflicts of interest that must be resolved.
- Private institutions must make transparent the form and ways in which they enter communities. These must be made known. In the same way, NGOs must make explicit their interests and needs for being involved in such mechanisms.
- Some proposals are elaborated outside of legal norms and yet work appropriately. The legal context must be understood, but not all mechanisms necessarily comply with these to be successful. Legal aspects can and often do create obstacles for implementing what could be very positive in terms of PES.
- Much more discussion is needed about the role of international cooperation in such mechanisms. In the future, the pathways may be proposed from the communities themselves, and the agencies for international cooperation will have to accept and adjust to these. Are the communities capable of proposing and handling such schemes?

International cooperation must provide the required information needed by communities to participate in these schemes.

- Which is the priority...to fortify communities or intermediaries in the best forms for negotiations? These are converging themes, but should consider the demands that may come from communities.

Agreements about the institutions analyzed:

- NGOs
 - There is a need for more experimentation and research, especially regarding how to strengthen communities for PES participation. This needs to include political and technical strengthening, but without becoming too complicated. Communities in these schemes must be considered as political and heterogeneous entities.
 - Not all cases are alike, cannot be homogenized, even though there are common issues and experiences, which need to be documented.
 - Many of the replies to the proposals concerning environmental services area addressing social concerns. These need to be thoroughly analyzed prior to any proposals, as prevention mechanisms.
- The State
 - All of these processes are unfinished, and the debate is in the process of learning, where the state must be taken into consideration as a principle actor because of the need for clear norms and regulations. The state may be involved at the start or at the end, but in each case must be involved in order to provide an institutional framework and to at least minimally guarantee processes.
 - There is an urgent need to strengthen the vision and positions of local governments and the capacity to handle such mechanisms as the majority of these do not have the strength to handle these processes.
- Communities
 - Mechanisms must be established to diagnose their problems and demands.
- Donors
 - One cannot think that donors always consider or act in the interests of alleviating poverty or fortifying communities. There is a need to clarify the relationship in donor terms and language.

CES and Poverty

1. These projects are not going to alleviate poverty all on their own. They should not and cannot be a substitute for other productive processes, but rather complements.
2. Donors should prioritize CES and its design instead of payments. (Refers to compensations of a variety of forms rather than strict payments.)
3. Local capacity must be developed to take advantage of these and other financial mechanisms in the future.

Issue Paper 5

Government instability continues and could affect many trends in the region. The strengthening of leftist governments and politics within the continent could affect the support or opposition within regulatory structures to PES. Also in the political sphere, increased participation in free trade agreements continues to put pressure on traditional agricultural systems. New actors are being brought in who are more competitive and will impact rural livelihoods.

Potential demographic changes, such as labor movements in Central America and Mexico could impact the management regime patterns in rural areas. As rural areas are impacted by these trends, the stewardship potential for the ecosystems could suffer. As an example, often migrants are the more productive younger workforce, such that agricultural systems could become increasingly characterized by lower labor requirements, and this could impact ES delivery potential.

The global trend to involve more avoided deforestation/conservation of forests in carbon markets – mainly the voluntary carbon market, but also the regulatory market, will have great impacts in the many areas with intact forests and carbon sinks throughout the region.

Globally, actions and advances in technology to reduce carbon emissions could make demand for LULUCF carbon offsets less desirable.

Apart from these trends affecting CES in coming decades, some key recommendations were made on the topic, including identifying

- What are the tendencies of the markets and how can these be orchestrated in order to encourage participation by the poor? Find where we can affect the rules of the game.
- We should focus on schemes that permit assuring the access of communities that have been marginalized by the processes of development.

- One option is bundling or grouping buyers motivated by social aspects. How can communities benefit from this trend and motivate buyers to seek out community produced CES?
- There are limitations on the participation of the poor in CES. Efforts should be made to link likely philanthropic donors to these potential suppliers in order to provide necessary entry services and transactions costs. Need to strengthen platforms where buyers and sellers meet and find each other.
- Efforts should be made to link similar communities with possibilities to sell their services collectively and thus reduce costs and enhance options for other communities to join in.
- Governments need to provide support to these mechanisms.
- It is both necessary and useful to map the locations of poverty and the potential environmental services.

7. Conclusions from the workshop

The variety of presentations and breadth of examples and issues raised during the three days of the workshop defy attempts at making a single coherent concluding statement. Instead, several participants met with me, the moderator, intermittently between the second and third day to draw a conceptual map of the issues (shown in the photograph above- Section 2: The Workshop itself) discussed in the workshop. A couple of points can be made from this exercise.

- There were a number of different terms used to describe environmental service mechanisms. A decision was made in the workshop NOT to debate terminology, but rather to proceed with more loose definitions, and let experience guide this debate at a later date. Nonetheless, it is useful to state that not all participants were in agreement with either the term ‘compensation’ or the term ‘payments’. Many felt that compensation is not the correct term in Spanish because it implies having done something wrong and therefore the payment is to set things right. Not all PES or CES schemes are based on inherent faults, but rather intend to induce users or those who benefit from the services to contribute to their sustainability for the future. The term in Spanish ‘retribución’ was widely accepted by those looking to expand the definition of what is a PES or PES-like. Others stayed to a more ‘pure’ definition, keeping to Wunder’s 5 criteria. Rosa made the point that many like him are leaning more to the term Ecosystem Services rather than Environmental Services, but this was not debated further either. He added that in many situations, the debate on the terminology can actually help open up the dialog and provoke further analysis of options.
- For Latin America, we questioned whether the current typology used to describe different experiences in PES is appropriate. We noted that most studies classify experiences by the type of service (watersheds, carbon, scenic beauty, biodiversity, etc). However, we thought it might be appropriate to look at other typologies, and whether these could be more useful for organizing, understanding and comparing the different Latin American experiences with other parts of the world. We looked at two dimensions: sub-regional classifications and the scale of services offered.
- In our proposed sub-regional classification, we divided the region into the Andean zone, the Amazon zone and the meso-American zone. These regions, especially in South America, cut across national boundaries. We did not attempt to create a southern cone region as no experiences from this area were presented at the workshop.

- We typified the great variety in types of PES schemes prevalent in the Andes with the following statement ‘a pesar del gobierno nacional’ or ‘in spite of the national government’. This alludes to the general consensus that the Andean countries are in a great phase of in-governability, which leaves initiatives without real government support. In these countries, we do not see national level schemes or explicit policies. Instead, there are multiple local initiatives, most usually backed by NGOs and other private sector support and funding, and that are highly experimental and flexible both in form and nature. These are broadly part of a tendency which I call ‘pos-estructuralismo ecléctico’ or post structural eclecticism (adapting this from a view also applied to the current variety in approaches to gender and environment in Ecuador). In this, anything goes. There is no standard framework, simply a collection of principles and experiences, which are used to guide experimentation. The strongest pressure for this process comes from the fact that the lack of attention from national government to issues such as environment, is considered a given, and thus is worked from local levels. This is a de facto recognition that in these countries, though there is much debate on proposals for decentralization, this process has already occurred in reality. The various kinds of mechanisms can range from being ‘pure’ PES, but in small packages, like the Pimampiro experience, or can be PES-like, as in the FONAG or other watershed funds. Many recognize and accommodate collective territoriality, lack of clear legal titles to property and ancestral claims to land and resources. Participation by diverse parties is considered essential, though often in conflict, and is always less than what is ideally desired. Most studies recognize a lack of technical capacity at varying levels as an obstacle to further success. Most are dependent to some degree on external funding, especially to start up. Most of these experiences demonstrate the difficulties and challenges of developing PES in situations of small landscapes with high diversity both environmental and social.
- In the Amazon region, we noted a tendency, especially in Brazil, for PES to begin as a movement, from the bases, in local areas, as a mechanism for social justice and rights to survival, which are then transformed into very large scale proposals at regional and national levels and public policy. There is substantial support and leadership from the public sector at all levels and funding from within as well as from the exterior. To Andean ears and eyes, there is surprise at the scale of operations, and at the level of public support and funding.
- In the meso-American region, there is a strong tendency in the smaller countries (excluding Mexico) to try to ‘tico-ize’ everyone, or try to fit the Costa Rican experience in all situations. There is a lack of analysis as to the effectiveness in any other context of the Costa Rican experience, yet there is still a strong tendency among donors to think that mass transfer is appropriate. The second tendency is to not be able to see beyond the

tree.... ‘no ver más allá del árbol’. All proposals for schemes seem to only see forests and reforestation as the workable options. Other types of services do not seem to gain as much favor. There is also a tendency to only analyze those experiences or schemes that operate at large scale or at national levels. For example, in Mexico there are literally thousands of small-scale initiatives that are practically unknown in research contexts for the PES theme.

- From the regional analysis, we were able to see some similarities and tendencies. We think it would be useful to continue this analysis, and enrich it with some comparative analysis, such as between the Brazilian Proambiente scheme and Mexico’s COINBIO and COMAFOR. We also see that overall there is a tendency towards redistribution in these schemes, but that this tendency is frustrated by the lack of governability.
- We then moved to consider scale as an organizing principle for analysis. We defined the scales as global (such as air, hotspots, and other non-voluntary market schemes), national-regional (especially in large country contexts where a region can be the size of a country...like Amazon of Brazil or southern Mexico), and sub-regional or local. We placed most large scale forest schemes in the middle category, while most other experiences fall into the third or smallest scale. In this smallest scale is where we find the most complex systems, greatest diversity, and a tendency for water to be the major driver or service addressed. We find more schemes based on practice and socially constructed landscapes, such as agro-forestry systems, and much more tendency for experimentation. We also see great diversity in types of compensations offered in the schemes, like beehives (‘colmenas’) and other in kind payments. This typology is as yet shaky, but our view is that we need other kinds of ways to group and regroup experiences that are emerging from the Latin American context in order to analyze and understand their outcomes and impacts.
- We also saw fit to raise a caution to the enthusiasm about PES. We see a growing tendency towards ‘canasta-ización’ or trying to put all things in the same basket (‘canasta’ in Spanish). We think that trying to put all of the development dreams and wishes in the basket called PES is a great mistake. There may be value in the introduction of the more simple cover term ‘mechanisms to finance conservation’ in which PES could simply be one of many different kinds of mechanisms.
- As a final note, the workshop group generally agreed with the application of the old adage, that PES or CSA is a means to an end and not an end in itself. Caution should be exercised in not confusing the two, as PES should not be considered an end.

8. Recommendations from the workshop

As a final part of this report there are several recommendations that need to be made to the donor community, and in particular to IDRC who supported this scoping study.

1. There is a need and strong interest to sustain the communication, interchange, and comparative analysis and constructive criticism in the region on this subject. The Ecosystem Marketplace could provide the Internet space for electronic interchange, but there is a need for support to keep the movement and circulation of information going. This does not usually happen unless there is someone to moderate and encourage the flow.
2. Not all experience can be shared effectively through the Internet. We feel there is a need for face to face interchanges at strategic moments and in different places. This could be coordinated via Internet, such as this meeting, but there are many gains from grouping physically...and providing time and space to creatively interact.
3. There needs to be **research** focused on more comparative analysis, and **funding** to write this up and share it effectively.
4. The greatest need for donor support is in the studies needed to analyze the potential and start up for such schemes, and to create the necessary multi stakeholder support to gain acceptance for an initiative and disseminate information. Also, there is a need to support the direct initial start up costs and the transaction costs, especially in schemes designed to induce involvement of poorer rural people.

A final word from RISAS....

Following the workshop, the RISAS group met to discuss the conclusions and next steps for the network. The group reviewed this report and made many suggestions to improve the content and flow of the document. Based on the report, Javier Rojas, SNV, and Marina Kosmus, GTZ, suggested a final reflection from the group about the relationship between PES and poverty. The statement, reviewed by RISAS and translated by Susan, is presented below.

PES schemes, as their name indicates, were created to protect or improve ecosystems and thus have a strong emphasis on conservation themes. This means that the poor are not necessarily the starting point in the design and implementation. However, the case study presentations in the workshop demonstrate that the poorest sectors have not been negatively affected. On the contrary, certain positive tendencies for the poor were seen, some monetary and others not,

resulting from improvements in ecosystems and secondary effects (cases from Bolivia, México, FONAG, Pimampiro, Colombia).

Since conserving ecological services is the priority in PES schemes – or at least improving or recuperating ecosystems – when considering the social realities of Latin America, PES mechanisms should be proposed in schemes that are socially appropriate. This implies the creation of schemes that work to incorporate the poorest sectors in a positive fashion so that they may benefit from such schemes, or at minimum, not be negatively impacted from their operation.

Based on this, the proposal is to design PES schemes with the capacity to integrate the poorest sectors by prioritizing objectives of self-sufficiency and income generation. In this manner, the services of interest to third parties (water, biodiversity, carbon sequestration) can be efficiently attained. A focus of this nature can mobilize policies, initiatives and resources that can strengthen strategies to improve the quality of life, while facilitating the sustainable management of natural resources. Nonetheless, the complexity of the proposal is proportional to the scale of service.

PES was not designed to alleviate poverty. As such, by itself, it is insufficient, but it can add value to strategies to improve quality of life. PES strategies should be inserted within broader and more integrated strategies. If not, they can fail or create unrealistic expectations. A key factor is to recognize PES as a means but not the end in itself.

APPENDIX 1 PARTICIPANTS LIST

LISTA DE PARTICIPANTES DEL TALLER REGIONAL				
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Y ALIVIO DE POBREZA				
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Appendix 2

AGENDA: Taller Regional América Latina

“COMPENSACIÓN POR SERVICIOS AMBIENTALES Y ALIVIO DE POBREZA EN AMERICA LATINA”

ABRIL 26 – 28, 2006, Quito, Ecuador

Miércoles 26 de Abril del 2006

Lugar: FLACSO Sede, Ecuador

Evento abierto

8:30 - 9:00 Registro de participantes

9:00 - 9:25 Bienvenida

Alfredo Carrasco, Sub Secretario de Capital natural del Ministerio del Ambiente, MAE, Ecuador

Guillermo Fontaine, Facultad Latinoamericana de Ciencias Sociales; FLACSO

Sede Ecuador

9:25 - 9:30 Presentación general del proyecto y presentación de las personas invitadas extranjeras

Susan V. Poats, Corporación Grupo Randi Randi

9:35 - 9:55

Estado del arte sobre el Pago por Servicios Ambientales y Alivio de Pobreza en América Latina

Marina Kosmus, GTZ / Andrés Garzón ECOCIENCIA, Red de Interesados e Interesadas en Servicios Ambientales, RISAS

9:55 – 10:15

Introducción del contexto legal e institucional de la Compensación de Servicios Ambientales.

Carina Bracer, Forest Trends, Washington D.C. , USA

10:15 – 10:35 Aplicación de esquemas de compensación de servicios ambientales en el Ecuador

Montserrat Albán, ECOCIENCIA/ Red de Interesados e Interesadas en Servicios Ambientales, RISAS, y Diego Burneo, Economista

Plenaria

10:50 – 11:10 Receso refrigerio en la cafetería de FLACSO Presentación de casos

11:10 - 11:40

Bolivia: Aplicación de esquemas de compensación de servicios ambientales en el país, una visión general

Sven Wunder, CIFOR-Brasil

Nigel Asquith, Fundación Natura Bolivia

Presentación del video de Fundación Natura Bolivia

11:45 – 12:05

Perú: Experiencia de desarrollo ecoturístico de la comunidad campesina de San Rafael

Ángel Salazar, Instituto de Investigaciones de la Amazonía Peruana

Pedro Vela, Departamento de Loreto, Perú

12:05 – 12:25

Brasil: Estudio de caso Pro- ambiente Amazonía Brasileira

Gilberto Scchittini, Pro-Ambiente, Brasil

Maria de Jesús Lima, Pro-Ambiente, Brasil

Ana Paula Sousa, Pro-Ambiente, Brasil

12:25 - 12:40 Comentarios:

Marina Kosmus, GTZ- Ecuador/ Red de Interesados e Interesadas en Servicios Ambientales, RISAS

Rafael Meza, SNV- Perú

Andrés Garzón, Ecociencia/ Red de Interesados e Interesadas en Servicios Ambientales, RISAS

12:40 – 13:15 Sesión plenaria (preguntas y comentarios)

13:15 - 14:30 Almuerzo

Presentación de casos (continuación)

14:40 – 15:00

Perú – Colombia Andes : Experiencia de Fuquene y Moyabamba
Alonso Moreno, GTZ/CONDESAN – Perú

15:05 – 15: 25

Colombia: Enfoques silvopastoriles integrados para el manejo de ecosistemas. Julián Chará, CIPAV-Colombia

15:30 – 15:50

México: Proyecto de conservación de la biodiversidad por parte de comunidades e Indígenas de los Estados de Oaxaca, Michoacán y Guerrero/ PSA como instrumento para la integración de una estrategia regional de desarrollo comunitario en la Sierra Norte de Oaxaca
Francisco Chapela, Coordinador Nacional del proyectos de comunidades, indígenas y biodiversidad /Yolanda Lara, Coordinadora de Estudios Rurales y Asesoría en Oaxaca.

15:50 – 16: 10

Comentarios:

Consuelo Espinosa, UICN Regional Sur

Marta Echavarría, Ecodecisión – Ecuador/ Red de Interesados e Interesadas en Servicios Ambientales (RISAS)

16:10 – 16:40 Sesión plenaria (preguntas y comentarios)

16:40 – 17:10 Receso refrigerio en la cafetería de FLACSO

Presentación de Casos (continuación)

17:10 – 17:30

Costa Rica: Experiencia de 10 años en los servicios ambientales
Manrique Rojas, Edificadora Beta S.A.

17:30 – 17:35

Comenta: Doris Cordero, Gesoren GTZ – Ecuador / Red de Interesados e Interesadas en Servicios Ambientales, RISAS

17:35 – 17:55

Lecciones Aprendidas sobre la aplicación de mecanismos de compensación de servicios ambientales y alivio de pobreza en América Latina
Herman Rosas, PRISMA

18:00 – 18:28

Pago de servicios ambientales desde la visión crítica del derecho local
Xavier Izko, Antropólogo especialista en temas socio-ambientales FLACSO
IngoGentes, Consultor CEPAL División de Desarrollo Sostenible y Asentamientos Humanos

18:30 – 18:50 Sesión plenaria (preguntas de los asistentes)

18:50 – 19:00

Cierre,

Susan V. Poats, Corporación Grupo Randi Randi

Jueves 27 de Abril del 2006

Sesión de la mañana

Lugar: Museo del Agua YAKÚ

Asistentes: Invitados

7:30 Salida en bus del Hotel Quito a Museo del Agua Yakú

No olvidar la tarjeta de identificación del Taller

8:30 – 9:00 Presentación de asistentes invitados al taller y comentarios sobre la agenda para el día 27 de abril del 2006

9:00 Bienvenida a nombre de Juan Neira, Gerente General de La Empresa Municipal de Agua Potable y Alcantarillado de Quito, EMAAP-Q.

Presenta la visión de la empresa sobre su participación en el Fondo para la conservación del agua, FONAG y su aporte a la disminución de la pobreza

Moderadora: Marta Echavarría, ECODECISION

9:15- 10:25

1.- Presentación general sobre el FONAG, su desarrollo y futuro a cargo de Pablo Lloret, Secretario Técnico del FONAG

2.- La visión del FONAG desde la perspectiva de The Nature Conservancy, entidad promotora de la creación del FONAG y miembro de Junta de Fideicomiso a cargo de Marta Echavarría, consultora de TNC

3.- La visión del FONAG desde la perspectiva del CODECAME institución receptora de recursos del FONAG para el Proyecto "Recuperación y Reforestación del Bosque Andino para la protección de la Cuenca Alta del Río San Pedro"

10:25 Preguntas aclaratorias

10:35 Presentación sobre el sistema de pago por la protección hidrológica de Pimampiro

11:00 Preguntas aclaratorias

11:10 Presentación sobre el Programa de Gestión Ambiental de Empresa de ETAPA

11:30 Preguntas aclaratorias

12:00 Almuerzo (tipo lonche) y Presentación del Ballet Ecuatoriano de Cámara

Tema de la coreografía:

Sesión de la tarde

Lugar del evento: Hotel Quito, varios salones

Asistentes: Invitados

Moderadora: Susan V. Poats, CGRR

14:00 - 15:00 Plenaria para comentar primer día abierto y aclarar la forma en que se va a trabajar para la tarde.

15:00 - 15:15 Presentación Tema # 1

Vínculos directos e indirectos entre compensación de servicios ambientales y alivio de pobreza.

Robert Hofstede, UICN

15:15 - 15:30 Presentación Tema # 2

Criterios e indicadores para evaluar la efectividad actual y potencial de los mecanismos de compensación de servicios ambientales para favorecer a los pobres

Sandra J. Velarde, ASB-ICRAF

15:15 - 15:30 Presentación Tema # 3

Condiciones para que los mecanismos de compensación de servicios ambientales sean más efectivos para aliviar la pobreza

Roberto Porro, ICRAF

15:30 - 15:45 Presentación Tema # 4

Rol de las organizaciones intermediarias y las instituciones gubernamentales para favorecer los mecanismos de compensación de servicios ambientales para el alivio de la pobreza

Deborah Barry, CIFOR

15:45 - 16:00 Presentación Tema # 5

Relevancia de los mecanismos de compensación de servicios ambientales para eliminar la pobreza en América Latina en las próximas dos décadas

Carina Bracer, Forest Trends

16:00 - 16:15 Receso refrigerio Hotel Quito

16:15 - 17:30 Discusión en 5 grupos sobre cada uno de los temas

17:30 - 18:30 Plenaria sobre los temas tratados y preparación del día siguiente

Noche Libre

Viernes, 28 Abril del 2006

Lugar del evento: Hotel Quito, varios salones

Asistentes: Invitados

Moderadora: Susan V. Poats, CGRR

8:30 - 9:00 Organización de las tareas del día

9:00 - 10:30 Continuación de la discusión en cinco grupos

10:30 - 10:45 Receso

10:45 - 12:00 Plenaria. Reportes de los grupos de trabajo

12:00 13:00 Plenaria para plantear puntos problemáticos

12:00 - 13:00 Almuerzo en el hotel

14:00 - 14:15 Instrucciones para el trabajo de la tarde

14:15 – 15:15 División y trabajo en grupos

15:15 – 16:30 Plenaria presentación de grupos

Recomendaciones para el proyecto de acuerdo con cada uno de los 16:30

16:30 – 17:00 Próximos pasos

Evaluación del evento

17:00 Cierre del evento y brindis con vino y bocaditos

ICRAF Working Papers

2005-2006

1. Agroforestry in the drylands of eastern Africa: a call to action
2. Biodiversity conservation through agroforestry: managing tree species diversity within a network of community-based, nongovernmental, governmental and research organizations in western Kenya.
3. Invasion of *prosopis juliflora* and local livelihoods: Case study from the Lake Baringo area of Kenya
4. Leadership for change in Farmers Organizations: Training report: Ridar Hotel, Kampala, 29th March to 2nd April 2005
5. Domestication des espèces agroforestières au Sahel : situation actuelle et perspectives
6. Relevé des données de biodiversité ligneuse: Manuel du projet biodiversité des parcs agroforestiers au Sahel
7. Improved Land Management in the Lake Victoria Basin: TransVic Project's Draft Report
8. Livelihood capital, strategies and outcomes in the Taita hills of Kenya
9. Les espèces ligneuses et leurs usages: Les préférences des paysans dans le Cercle de Ségou, au Mali
10. La biodiversité des espèces ligneuses: Diversité arborée et unités de gestion du terroir dans le Cercle de Ségou, au Mali
11. Bird diversity and land use on the slopes of Mt. Kilimanjaro and the adjacent plains, Tanzania
12. Water, women and local social organization in the Western Kenya Highlands
13. Highlights of ongoing research of the World Agroforestry Centre in Indonesia
14. Prospects of adoption of tree-based systems in a rural landscape and its likely impacts on carbon stocks and farmers' welfare: the FALLOW Model Application in Muara Sungkai, Lampung, Sumatra, in a 'Clean Development Mechanism' context
15. Equipping Integrated Natural Resource Managers for Healthy Agroforestry Landscapes.
16. Are they competing or compensating on farm? Status of indigenous and exotic tree species in a wide range of agro-ecological zones of Eastern and Central Kenya, surrounding Mt. Kenya.
17. Agro-biodiversity and CGIAR tree and forest science: approaches and examples from Sumatra
18. Improving land management in eastern and southern Africa: A review of policies.
19. Farm and Household Economic Study of Kecamatan Nanggung, Kabupaten Bogor, Indonesia: A Socio-economic base line study of Agroforestry Innovations and Livelihood Enhancement
20. Lessons from eastern Africa's unsustainable charcoal business.
21. Evolution of RELMA's approaches to land management: Lessons from two decades of research and development in eastern and southern Africa
22. Participatory watershed management: Lessons from RELMA's work with farmers in eastern Africa.
23. Strengthening farmers' organizations: The experience of RELMA and ULAMP.
24. Promoting rainwater harvesting in eastern and southern Africa.
25. The role of livestock in integrated land management.

26. Status of carbon sequestration projects in Africa: Potential benefits and challenges to scaling up.
27. Social and Environmental Trade-Offs in Tree Species Selection: A Methodology for Identifying Niche Incompatibilities in Agroforestry [*Appears as AHI Working Paper no. 9*]
28. Managing Trade-Offs in Agroforestry: From Conflict to Collaboration in Natural Resource Management. [*Appears as AHI Working Paper no. 10*]
29. Essai d'analyse de la prise en compte des systemes agroforestiers pa les legislations forestieres au Sahel: Cas du Burkina Faso, du Mali, du Niger et du Senegal.

2007

30. Etat de la Recherche Agroforestière au Rwanda Etude bibliographique, période 1987-2003.
31. Science and Technological Innovations for Improving Soil fertility and Management in Africa.
32. Compensation and Rewards for Environmental Services in the Developing World: Framing Pan-Tropical Analysis and Comparison.
33. Report on the Latin American Regional Workshop on Compensation for Environmental Services and Poverty Alleviation in Latin America.
34. Asia Regional Workshop on Compensation for Ecosystems Services. A Component of the Global Scoping Study on Compensation for Ecosystem Services.
35. African Regional Workshop on Compensation for Ecosystem Services (CES)
36. Exploring the Inter-Linkages among and between Compensation and Rewards for Ecosystem Services (CRES) and Human Well-Being: CES Scoping Study Issue Paper no. 1.
37. Criteria And Indicators for Environmental Service Compensation and Reward Mechanisms: Realistic, Voluntary, Conditional and Pro-Poor: CES Scoping Study Issue Paper no. 2.
38. The Conditions for Effective Mechanisms of Compensation and Rewards for Environmental Services (CRES): CES Scoping Study Issue Paper no. 3.
39. Organization and Governance for Fostering Pro-poor Compensation for Environmental Services: CES Scoping Study Issue Paper no. 4
40. How important will different types of Compensation and Reward Mechanisms be in shaping poverty & ecosystem services across Africa, Asia & Latin America over the next two decades? CES Scoping Study Issue Paper no. 5.

Who we are

The World Agroforestry Centre is the international leader in the science and practice of integrating 'working trees' on small farms and in rural landscapes. We have invigorated the ancient practice of growing trees on farms, using innovative science for development to transform lives and landscapes.

Our vision

Our Vision is an 'Agroforestry Transformation' in the developing world resulting in a massive increase in the use of working trees on working landscapes by smallholder rural households that helps ensure security in food, nutrition, income, health, shelter and energy and a regenerated environment.

Our mission

Our mission is to advance the science and practice of agroforestry to help realize an 'Agroforestry Transformation' throughout the developing world.

