Conservation Incentive Agreements and other PES-type initiatives

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PES - Methods and design in developing and developed countries

Titisee, June 18, 2004
Overview

• CIA’s
  - Concept
  - Case study

• Other initiatives
  - Conservation Stewards Program
    • PES
Conservation Incentive Agreements (CIA’s)

- A broad class of conservation mechanisms based on an equitable exchange of natural resource conservation for economic and social benefits (Hardner and Rice, 2002)
- Is a means to compensate local resource owners and users for conservation (preservation of ecosystem composition, diversity and functionality)
Motivations for CIA Implementation

- Conservation area creation traditionally takes too long to create, requires strong political will and high transaction costs.
- Gov’t PAs insufficient to meet conservation needs, incentives required for private PAs.
- There is a “demand” for conservation.
  - GEF invested $961M 91-01 for biodiversity conservation through protected areas (894 areas – 160M has) (Castro & Locker, 2000)
  - CAN reports $1.3B invested in biodiversity conservation (management) in the five Andean countries (CAN, in revision)
  - 90-97 $2.5B from multilaterals and bilaterals LAC
Advantages of a CIA

• Provide financial incentive to resource owners for conservation (targeted)
• Can be implemented in places where conventional protected areas are not possible
• Provide continuous funding for management
• Funding is tied to performance – an ongoing incentive.
• Conservation area creation becomes a market transaction, rather than a political process.
Elements of a CIA

- Negotiated Agreement
  - Performance metrics
  - Compensation for foregone resource use
- Periodic Payments
  - Paid upon satisfaction of performance metrics
- Monitoring and Verification
  - Periodic measurement of performance metrics
Enabling conditions

- Site defined for conservation or restoration, considered priority by donors and CI;
  - fall within CI hotspots and other prioritization schema
- Entity with clear legal title or right to determine use of area slated for conservation
- Enforceability of conservation agreement
- Means to deliver compensation in a manner that satisfies relevant stakeholders
- Funds to provide competitive compensation for conservation
- Capable on-the-ground partner
Guyana, the first case

- 200,000 acres in Southern Guyana
- Interest in timber concession by Malaysian companies
- No protected area system in place at the time
- **Compensation**: US$ 0.15/acre/yr tax + voluntary community investment of US$ 10k/year
- **Management**: Rangers from local communities employed by CI
- **Enforcement**: Government of Guyana
Is the Guyana CIA a PES?

- Services
  - Deforestation avoided
  - Biodiversity conserved
- Actors
  - CI
  - Government of Guyana
  - Communities
- Sellers
  - Government of Guyana
- Buyers
  - CI
- Implementation
  - 200,000 acres
  - 25 years
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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</thead>
<tbody>
<tr>
<td>OC timber royalties and fees according to Guyana’s TSA regulation</td>
<td></td>
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<tr>
<td>Additionality</td>
<td>Would timber concession had been granted?</td>
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<tr>
<td>Permanence</td>
<td>25 years</td>
</tr>
<tr>
<td>Leakage</td>
<td>Malaysian companies in other regions?</td>
</tr>
<tr>
<td>Differentiation</td>
<td>No</td>
</tr>
<tr>
<td>Participation of disadvantaged groups</td>
<td>Communities involved in management</td>
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Next steps

- Testing and implementing the model in other key biodiversity areas, different incentive packages, and different type of resource users
  - Antamina (Peru) includes investment from the private sector in the long run (25 years)
  - Galapagos (Ecuador)
  - Chachi (Ecuador)
  - La Cojolita (Mexico)
  - Solomons
Key challenges

- Funding issues
  - Money not generally available to cover recurrent costs
  - Trust funds not popular with donors
  - Difficult to acquire funding rapidly
  - Not enough successful cases yet to create interest from the donor community

- Staffing issues
  - NGOs are currently organized to study problems and raise awareness
  - Not to identify investment opportunities and implement agreements
Conservation Stewards Program

• People will conserve biodiversity if they have the option to do so, and the benefits of conserving outweigh the costs.
  - **Option** includes property rights, effective governance, and capacities for collective action and technical practice
  - **Benefits** are defined as comprehensive economic benefits, including: financial, environmental, social, and cultural.
Conservation Stewards Program

Incentives
- Direct Payments
- PES
- Development
- Other (i.e. spiritual)

Enabling conditions
- Property rights
- Capacity
- Governance

Biodiversity outcomes
- Species Outcomes
- Areas Outcomes
- Corridor Outcomes

Learning network
Conservation Stewards Program

• Two implementation phases in 5 years
  - I phase, developing and learning from key cases in certain regions where CI works
    • Focus development at scale in three regions
    • Experimental design
    • Global training program
  - II implement with the lessons learned those incentives that prove to most effective at regional scale (scale up)
CSP PES component

- Direct link to biodiversity conservation
- I phase where current experiences are already in place or being implemented
- II phase in areas where we prove PES can contribute directly to biodiversity conservation
- Not exclusively thinking of biodiversity as the service, but as an outcome of the PES scheme (i.e. water in catchments with high biodiversity value)
North Andean water PES scoping with CIFOR
North Andean Corridor

Eastern cordillera of the Andes between Colombia and Venezuela

Includes the Perijá ramal

About 12 Million hectares

Key populations being served by services from the corridor
### Corridor General Information

<table>
<thead>
<tr>
<th></th>
<th>Colombia</th>
<th>Venezuela</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Territory</strong></td>
<td>93,574 km²</td>
<td>32,500 km²</td>
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<tr>
<td><strong>Territory %</strong></td>
<td>8.2% of the territory</td>
<td>3.5% of the territory</td>
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<tr>
<td><strong>Municipalities</strong></td>
<td>300</td>
<td>95</td>
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<tr>
<td><strong>Departments</strong></td>
<td>10</td>
<td>7</td>
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<tr>
<td><strong>Population</strong></td>
<td>11,537,877</td>
<td>~2,500,000</td>
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<tr>
<td><strong>Population %</strong></td>
<td>30.2% of the national pop.</td>
<td>~9.5% of the national pop.</td>
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<td><strong>People/Km²</strong></td>
<td>123.3</td>
<td>76.9</td>
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<tr>
<td><strong>Protected Areas</strong></td>
<td>82 (including private reserves)</td>
<td>11</td>
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</tbody>
</table>
An key environmental service: water supply
Opportunities for linking PWS to biodiversity

Colombia
300 municipalities

Venezuela
95 municipalities