

7.3 Doug Southgate and Sven Wunder: Regional Synthesis Latin America Southgate.1@osu.edu and s.wunder@cgiar.org

PES-like schemes are fairly common in the Andean Region and other parts of Latin America. However, genuine PES arrangements are fairly rare. For example, true conditionality is often missing. The absence of PES “purity” is not necessarily undesirable. Indeed, opting for something less than full PES might be an appropriate adaptation to local realities. On the other hand, improved financial sustainability of conservation initiatives and other benefits might result from moving toward genuine PES.

The presentation addresses the potential for bundling payments for different services, the extent of local capacity for implementing PES, the need for monitoring (which is characterized by economies of scale), and the challenges of implementing PES in cases of high subsidy, such that water prices are less than the costs of building, maintaining and operating the required infrastructure. Two cases address this latter situation.