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An Ecosystem Services Oriented Benefits Sharing Mechanism (BSM) in the Andes: The Canete Watershed Case Study

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Key Message

Implementing a BSM may serve as an innovative means of both enhancing the equitable distribution of watershed-generated ES benefits and simultaneously generating funds toward protecting these watersheds' ecosystems (upon which the ES benefits are dependent). This may be the case even in instances where not all PES pre-conditions are met. Demand-driven research is key for negotiation processes, which require the provision of timely and objective results about the magnitude, source and value of the ES.

Summary

The Canete watershed in Peru presents two conditions that make it a good candidate site for implementing a broad BSM, beyond the “pure” PES model. The first condition is based on the potential to demonstrate additionality (i.e. that ES delivery improves based on modified practices) in some grazing areas upstream. This condition positions the basin as a strong candidate for a “pure” PES scheme. That is, ES beneficiaries would be able to tangibly observe the enhanced ES provision because they would presumably be willing to pay on an ongoing basis. Likewise, ES suppliers receiving these payments would be likely to remain compliant in modifying their practices.

The second condition is based on the potential to reduce existing water-related conflict between upstream people and downstream ES beneficiaries (linked to perceived uneven distribution of ES-benefits in the watershed) through the transference of benefits. That is to say, current ES beneficiaries might share part of their economic benefits with those located in well-conserved upstream areas (that are hence providing the existent ES). The transference would be in the form of rewards for maintaining those 'good practices' that ensure the delivery of ES .

In this context, the creation of a broad BSM would provide an innovative way to see a more equitable distribution of ES benefits via maintaining (and in some areas even improving) the current level of ES delivery.

To design such a BSM scheme is not simple, and reliable information is required about:

- 1) the magnitude of the ES and the service-providing units generating them;
- 2) the relative value of the HES for very asymmetric actors;
- 3) the institutional and legal framework under which a BSM can be designed for the given context;
- 4) the willingness of people to contribute to such a mechanism; and
- 5) the *ex-ante* evaluation of likely alternatives to improve the delivery of ES from upstream areas.

This presentation will provide preliminary as well as final results of the five outlined aspects (and the methods and tools used for these); will outline the preconditions that make the watershed a good candidate for designing such a BSM; and summarize lessons of the process for positioning research activities in a consultative and participatory process lead by a key player (in this case the Ministry of Environment in Peru).