

Improved Understanding of Payments for Ecosystem Services - PES

BOLIVIA Country Assessment

By Carla C. Gomez Wichtendahl
Lima, Aug. 2008

Bolivia

- Population: 8,274,325 (2001)
- Surface: 1'098,581 km²
- Geographical zones: 1) Andean zone, 2) Valleys, 3) Low lands
- 3 hydrographical basins: the Amazonas, de la Plata and Endorreic basins
- Almost half of its territory is covered with natural forests (53 million hectares)
- High cultural diversity and socio-economic conditions
- Administrative division: 9 Departments, 112 provinces and 327 municipalities



Political Context

- Deep political reform process:
 - Constitutional Reform
 - Departmental Autonomies
- Despite this situation: different water related
 - Fundacion NATURA (Los Negros and Seed Funds in Mairana, Comarapa and Los Negros),
 - The Environmental Protection of Tarija (PROMETA) (Tarija)
 - The Eastern Training Institute (ICO): The Valleys – (Santa Cruz)



Question

- Whether the current legal and institutional Bolivian framework is able to support the design and implementation of successful water related PES schemes, and if not, what would be required to assure the achievement of this goal.



Constitution

- State's "original or initial" ownership of all natural resources (State determines conditions to own, hold, manage, transfer, use or exploit natural resources and land)
- recognition of private property, allowing participation of private landowners
- not expressly recognize or identify the environmental services provided by the forests
- a "socio-economic function" principle- misconception- deforestation
- Art. 32 of the current Constitutional text: nobody will be forced to comply with what the Bolivian Constitution, or the Bolivian legislation does not impose, or forced to do what it prohibits.



Current vs. Proposed Constitution

Current

- Recognition of property rights
- State's initial or ownership

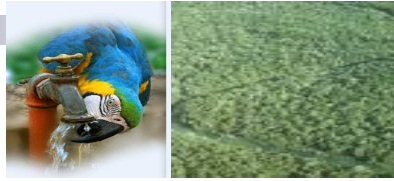
- No concrete regime for water
- Although no environmental service provided by the Bolivian forests or PES- no preclusion

Proposed

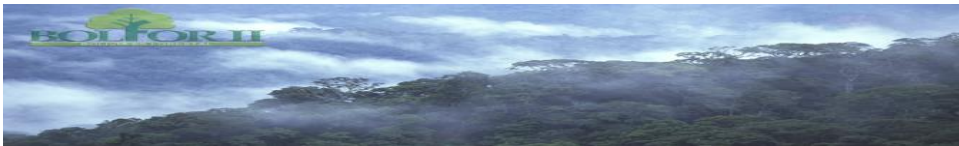
- Recognition of property rights –
 - "Bolivian people"
(not clear extend)
- State's leading role - exclusive right over forested areas management
- new and specific regime for water/ Limitations "over its services"



Legal Framework



- No specific PES legislation
- Ecosystem services are just broadly mentioned in the Bolivian National Development Plan- but ecosystem services were wrongly linked to the Cochabamba water war- However different approach to CO2 sequestration – initial fear to participate in the schemes
- Although Environmental law establishes some MBI's, no specific identification of Ecosystem Services- different limitations
 - Environmental Law: for pollution prevention
 - Forestry Law: for conservation (recognizes E.S., classifies lands- protecting measures and incentives)
 - Protected Areas Regulation: from tourism
- First attempt to regulate PES :“Policy for the recognition of Environmental Services.”

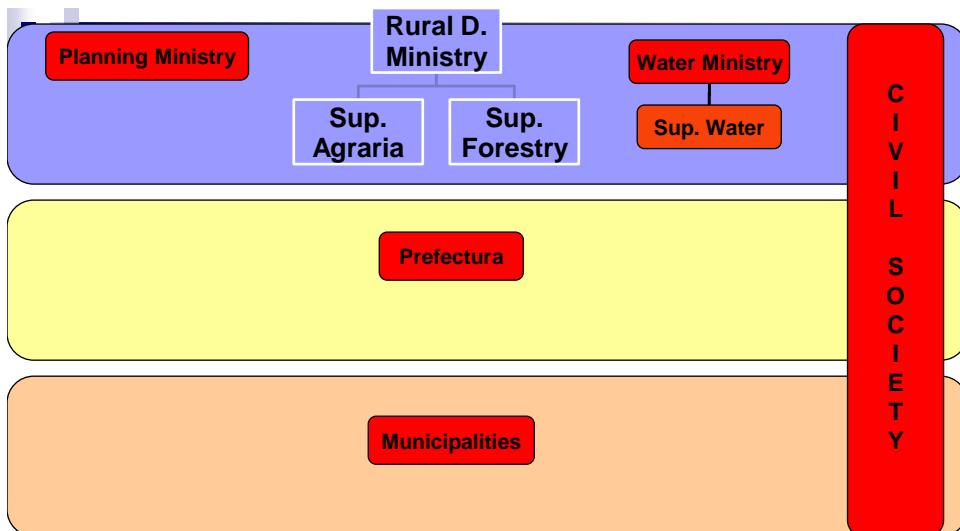


Departmental Policy:

- a) PES is an instrument to achieve forest conservation / or sustainable forest management;
- b) It recognizes that in order to promote PES, forest conservation has to become a profitable activity;
- c) Landowners or those who have a legitimate right to the land might participate in the PES transactions as sellers;
- d) The payment has to be higher or equal to the opportunity cost of the economic activities traditionally developed on the land;
- e) The amount of payment must be set in accordance with the type and level of service provided;
- f) The PES has to bring welfare to rural inhabitants.

- Bolivian: Centralized or Unitarian Republic
low national governmental presence at the local level
- Decentralization process
- Local scale projects leading to spiral effect: legislation and actors involvement private and public participation
- *Lack of coordination between national and local authorities
- Local authorities more appropriate level of action :
closer to society

*Departmental policy faces some limitations






Property rights

- Formal property rights are rare in Bolivia
- Regularization process was a failure: (18 million ha. Instead of 107, in more than a ten year period)

How to implement PES in this situation?

- De facto rights, if accepted by neighbours and local communities (Los Negros, La Aguada)

*De facto rights could be used until regularization process is accomplished: need of flexibility



Negotiation and Good Governance

- Two phase negotiation:
 - a) First phase: environmental campaigns, capacity building, studies of willingness to pay and to participate
 - b) Second phase: actual negotiation to determine the clauses to be included in the contract

Good Governance:

- Public participation, access to information through workshops, transparency



Contracts

- Direct contracts: Conservation and Reforestation
 - simple clauses
 - Limitations:) – No explanation of the link between the upstream deforestation and the water problems
 - No conflicts resolution method
 - Subject to improvement (evolution)
- Institutional Conservation Agreements
 - More complex



Monitoring

Direct Contracts

- Physical inspection carried out by control team:
(-upstream and downstream communities environmental committees, field technician, and landowner)

* Gradual evolution, but still subject to improvement.

*Requires participants involvement

Institutional Agreements:

- Audit subject to the approval of the Municipality



Non compliance

- Automatic termination of the contract,
 - Stopping payments,
 - Reimbursement of payments effectively done, and
 - Claiming civil damages due to breach of contract.
- * the only penalty imposed to the sellers in case of lack of compliance with contractual obligations has been the exclusion of the PES program



Conclusions

- Bolivian Legislation and institutional framework neither precludes nor promote the implementation of water related PES
- Small, local initiatives have been implemented without the national government involvement- participation of local inhabitants and authorities
- Decentralization and local public and private participation is a key issue for the implementation of water related PES schemes.
- Spiral effect : 1) expansion of the first small scale projects- municipal- departmental
2) creation of private public institutional frameworks
3) creation of legislation from the bottom to the top :
- Has been a flexible process/ Need of flexibility to react or to adapt to local and national realities: property rights, limited use of contracts, misconceptions and contrary approaches to conservation



Water related PES history is just being written as part of a very dynamic and flexible process, which goes beyond theoretical requirements to be able to respond to local realities.



THANKS!