Honduras- Campamento

Municipal Water Board Campamento- PASOLAC

SUMMARY

PASOLAC-supported local micro-watershed initiative. The PES is not fully operational at the moment and faces funding problems, although negotiations and discussions have been encouraged between stakeholders.

PASOLAC- Program for Sustainable Agriculture in Hillsides of Central America (PASOLAC), financed by the Swiss International Cooperation (SDC/COSUDE)

MATURITY OF THE INITIATIVE

New; ongoing but not fully implemented yet.

DRIVER

NGO-driven (PASOLAC with international funds from SDC), with support from local municipalities. Their programmes are oriented to conservation and management of water sources, to reduce water scarcity in the region, especially in urban areas.

STAKEHOLDERS

Supply

44 private farmers (mostly coffee producers) but not all are prepared to adopt the required Soil and Water Conservation techniques. While 15 are willing to enter agreements in exchange for incentives, 14 producers are mostly worried about their ability to meet the scheme requirements, 12 could make changes but do not wish to and 3 have not taken part in any meeting and their plots are abandoned.

Demand

Approximately 60% of the 7,000 inhabitants of Campamento depend on water generated in the watershed of Las Amayas. Water users are represented by the local water board (Junta Municipal de Agua de Campamento). Water is also used in the coffee production process. There is a water deficit of 253 m3/day. Because of the very low capacity to pay downstream there are not likely to be enough local funds to support the project.

Studies showed that most water users had a positive willingness to pay for the hydrological service.

Intermediary

Direct negotiation between the farmers and the local water board.

Facilitator

The initiative is assisted by PASOLAC.

MARKET DESIGN

Service

Improved water flows and water quality.

Commodity

- *Improved management practices through:*coffee mills with ecological practices, using less water and water treatment basins;
- Organic manure production from coffee pulp processing with earthworm culture;

Reforestation for commercial plantations, with timber trees and perennial fruit species.

There are many use-restrictions and several prohibitions including: logging without permits, polluting springs, any activity in areas designated as strategic (except protection, inspection, tourism and

research), construction of buildings of any kind within 200m from each spring, or 150 m from rivers, agriculture on slopes > 30% gradient, extraction of sand or stones from rivers, slash-and-burn techniques, use of any chemical fertilizers, use of coffee varieties that are not shade coffee, use of drinking water for any other use apart from domestic. Even the wandering of domestic animals is prohibited.

Payment mechanism

Trust Fund and user fees: In November 2002, the local water board set up a Fund for Environmental Services (FONSAM) for several micro-watersheds (including Las Amayas).

The fund is kept with seed fund from PASOLAC and annual contributions from the municipality (not clear how much) include funds collected from: fines, 50% of funds from licences, permits and concessions for sustainable management of natural resources, products and rents from the funds invested any donations that the municipality receives and, in the future, revenues from the environmental users fees.

Terms of payment

One-off payment from PASOLAC (as seed fund) and monthly instalments from user fees (expected but not currently taking place). For upstream farmers the payments are *in-kind*, in the form of technical assistance, installation of latrines and other activities.

Funds involved

US$4,000 seed capital from PASOLAC. Value and periodicity of instalments from the municipality is unclear.

ANALYSIS OF COSTS AND BENEFITS

Economic

No information

Environmental

Present land use. The watershed (Las Amayas) is 876 hectares in area and is 3.5km long. Slopes are over 40% in 70% of the watershed. 90% of the total watershed) is under coffee production owned by 53 farmers. 90% of the farmers (the larger ones) live in the town of Campamento so they are also beneficiaries. There are also a number of small farmers in the area. Farms are 7ha on average, with low levels of technological investment and poor yields. There are many abandoned farms because of the continual depression of the coffee industry.

Main problems: The main problems of the watershed are: pollution from coffee processing and from fertilizers from agriculture, faecal matter in water (increased during coffee harvesting), reduced capacity of water flows, pollution from a pig farm in the watershed. There is also an obsolete and limited water piping system and a daily water flow deficit of 253 m3.

Perceived effects: Reduced contamination from coffee mills' water waste and pulp; reduced water treatment costs and public health issues due to polluted water (Perez, 2005). However the improvement in water quality is small, and pollution will probably increase once coffee prices start to rise (Ardon and Barrantes, 2003).

Social

Farmers benefit from technical assistance and sanitation from installation of latrines.

LEGISLATION ISSUES

No information available.

MONITORING

No information available.

MAIN CONSTRAINTS

One of the main problems of this initiative is that current water service is deficient and users are not willing to pay for hydrological benefits if their current service is bad. The board is currently negotiating ways to generate some payment capacity downstream, but it is not likely that there would be much money from them.

MAIN POLICY LESSONS

The initiative had the political support of the town mayor), who prior to his election had been a member of the water board. This led to joint efforts between the water board and the municipality.

OTHER INFORMATION

This project is also complemented by another initiative by Fundacion BANHCAFE with funds from the European Union, which focuses on water user services and producers in the area

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LINKS