

Peru- Alto Mayo

Payment for Environmental Services (PES) scheme in the micro-watersheds of Rumiyaçu, Mishquiyaçu y Almendra

SUMMARY

This is another case from the Cuencas Andinas project, related to reduction of deforestation in an area of migration agriculture. The PES scheme is still at an early stage. (See also Condesan International Project for overall description of the project)

MATURITY OF THE INITIATIVE

Advanced proposal. Ongoing preliminary studies on water availability, socio-economic conditions and ability of the population in Moyobamba to contribute to the scheme.

DRIVER

The municipal authorities were aware of the value and need for protection and management of their water resources and contacted the German cooperation agency (GTZ) for assistance. GTZ suggested setting up a PES scheme and assisted in the elaboration of the feasibility studies, according to Peru's National Public Investment System.

STAKEHOLDERS

Supply

Private landowners - 100 families (2000ha) in the higher section of the watershed, for more environmentally friendly production systems.

Demand

Local government (Moyobamba municipality, which has already created municipal conservation areas for water resource and *Moyobamba city water utility company* (Entidad Prestadora de Servicios de Saneamiento de Moyobamba - EPS Moyobamba S.R. Ltda.) (serving approx. 40,000 inhabitants) which has an interest in reducing its operation costs, presently higher due to high sediment loads) *and local users association* (irrigation water users association 50ha)

Intermediary

Unclear - probably CONDESAN as general intermediary.

Facilitator

GTZ provides technical assistance in environmental management matters to the environmental department of the municipal water utility company.

MARKET DESIGN

Service

Sediment load reduction; improved water quality; increased water quantity.

Commodity

Improved Management Practices contracts (not yet in place) for improving land and water use.

Payment mechanism

Intermediary-based transaction, user fees/pooled transaction. It is not clear yet which institution will be in charge of managing the funds collected through the PES scheme. Contributions will be pooled by the municipal water utility company, once a further contribution has been established alongside the water use fees already being collected. Options under consideration include the creation of a separate account by the water utility company or the creation of a trust fund with representation from the different stakeholders.

Terms of payment

Cash payment (conditions/frequency not yet agreed).



Funds involved

Once the PES scheme is underway, contributions are to be PNS \$12/year per user (1PNS= US\$0.30= US\$ 3.6/year/user) giving a total of US\$ 144,000/year.

ANALYSIS OF COSTS AND BENEFITS

Economic

Expected. Avoided costs to the water utility company (and ultimately to water consumers) have not been estimated, but other options such as sourcing water elsewhere or building another treatment plant, are believed to greatly exceed the costs of the PES.

Environmental

Expected environmental benefits: reduced deforestation and consequent erosion and sediment load, improved water quality and increased water quantity (average annual precipitation 1354mm);

Social

Participating providers: Alto Mayo is a frontier with high rates of slash-and-burn agriculture and very high poverty levels. Switching to more environmentally friendly agricultural practices is expected to bring higher returns for the farmers, due to access to new markets (products to be eco-labelled) and help reduce poverty among these growing migrant communities.

LEGISLATION ISSUES

No information available.

MONITORING

Not applicable yet.

MAIN CONSTRAINTS

MAIN POLICY LESSONS

CONDESAN's initiatives are very interesting because they are trying to overcome the "anti-market" reactions to the term "payments for water". The initiatives are in areas of high poverty and water scarcity. The process by which PES is developing is also interesting in that it is helping to move the debate among stakeholders from a narrow focus on water towards a more holistic response to the watershed problems.

OTHER INFORMATION

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REFERENCES

Gallardo, M. (2005) Personal communication based on internal documents: *Estudio hidrológico de la microcuenca Mishqiyacu-Rumiyacu y Almendra, Estudio Socioeconómico de la microcuenca Mishqiyacu-Rumiyacu y Almendra, Estudio Participativo de Pobreza Rural en las microcuencas de Yuracyacu, Almendra, Rumiyacu-Mishqiyacu, Soritor y el Avisado*, *Cuantificación de la Voluntad a Pagar por el Servicio Ambiental en Moyobamba. "Pago por Servicio Ambiental Hídrico en Moyobamba"*

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<http://www.redcapa.org.br/cuencas/boletin-n7.htm>



LINKS

<http://www.condesan.org/cuencasandinas/altomayo.htm#Doc>

<http://www.peam.gob.pe/>