

# Improved Understanding of Payments for Ecosystem Services - PES

## **BOLIVIA** Country Assessment

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## Bolivia

- Population: 8,274,325 (2001)
- Surface: 1'098,581 km<sup>2</sup>
- 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 s6 66.926 95.785ltural s5(p)-5(u)-5(1l4.03 rBT if





## 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)
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# 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:

- PES is an instrument to achieve forest conservation / or sustainable forest management;
- It recognizes that in order to promote PES, forest conservation has to become a profitable activity;
- Landowners or those who have a legitimate right to the land might participate in the PES transactions as sellers;
- The payment has to be higher or equal to the opportunity cost of the economic activities traditionally developed on the land;



Bolivian: Centralized or Unitarian Republic  
low national governmental presence at the local level

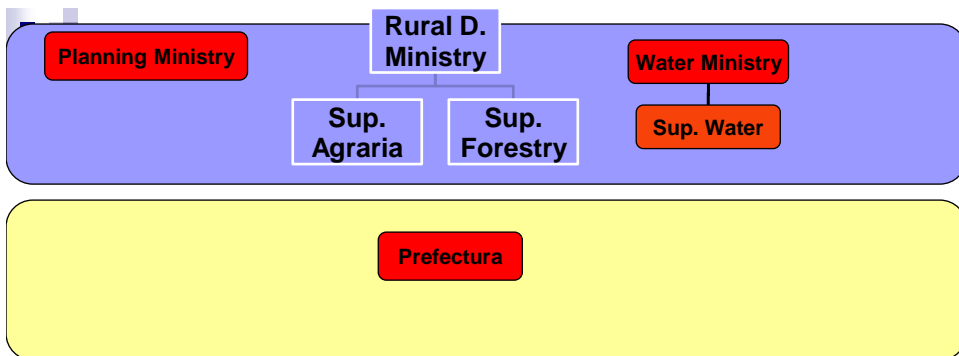
Decentralization process

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





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!**