Case studies on Remuneration of Positive Externalities (RPE)/Payments for Environmental Services (PES)
Prepared for the Multi-stakeholder dialogue 12-13 September 2013 FAO, Rome

Water for Life and Sustainability Water Fund
Cauca Valley, Southwestern Colombia

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The Nature Conservancy – Latin America Region
The business case

Sugar cane harvest (tons millions)

8.7% decrease in productivity
Loss of $33 millions / year
Loss of $250 / ha / year

Source: Cenicaña – estimations Asocaña
- around 6,160 hectares directly impacted so far,
- 1,491 families located in the upper part of the watersheds.
- Watersheds with a total area of 415,330 hectares
  - Paramos (High altitude Andean grasslands) and forest conservation;
  - Paramos and forest restoration;
  - Fencing of riparian buffers;
  - Cattle-ranching and agriculture best-management practices;
  - Environmental education and awareness;
  - Environmental-friendly small local businesses
Highest Return on Investment

Contribution to aquifers
Contribution to flows
Sediments
Coverage
Biodiversity connectivity

Highest priority areas for conservation

Water for life and sustainability

<table>
<thead>
<tr>
<th>Sistema</th>
<th>Área ronda del río (250 mts cada lado) (Has)</th>
<th>Área en cobertura natural para conservación (Has)</th>
<th>%</th>
<th>Área intervenida para restauración (Has)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Río Amaime</td>
<td>7,126</td>
<td>3,135</td>
<td>44</td>
<td>3,991</td>
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<tr>
<td>Río Bolo</td>
<td>2,210</td>
<td>1,414</td>
<td>64</td>
<td>796</td>
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<td>Río Desbaratado</td>
<td>1,016</td>
<td>772</td>
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<td>Río Fraile</td>
<td>2,792</td>
<td>2,345</td>
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<td>447</td>
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<td>Río Nima</td>
<td>1,642</td>
<td>1,133</td>
<td>69</td>
<td>509</td>
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<tr>
<td>Río Tuluá</td>
<td>13,234</td>
<td>5,426</td>
<td>41</td>
<td>7,808</td>
<td>59</td>
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<tr>
<td>TOTAL</td>
<td>28,020</td>
<td>14,226</td>
<td>54</td>
<td>13,794</td>
<td>49</td>
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</tbody>
</table>
Private: Asocaña (13 local sugar mills); ECOPETROL; PAVCO Pipelines; Sab Miller Bavaria;

Public: Corporación Autónoma regional del Valle del Cauca (CVC)

International: GEF, USAID, UNICEF
Some lessons learned

• Win-win process to agricultural stakeholders on both sides

• Providers/sellers: Economic incentives to improve cattle-ranching system + restoration/conservation activities incentives

• Buyers: science based investment to conserve the watersheds (reducing environmental degradation/loss of services) + governance process that allows the investment

• Water Funds as a financial, but also as a governance mechanism (decision making process empowers local communities)
Thanks!

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