

**WORKSHOP REPORT**

## **Compensation and Payment for Ecosystem Services for Communities in Central America**

**Hotel Palma Real & Pico Bonito National Park  
La Ceiba, Honduras  
August 9 - 13, 2010**

**A workshop jointly organized by:**

Environmental Leadership & Training Initiative (ELTI)  
EcoLogic Development Fund  
Forest Trends (FT)  
Rainforest Alliance (RA)

**Background:** Compensation and Payment-for-Ecosystem Services (PES) schemes are recognized throughout the world as an effective strategy to finance sustainable land uses, such as forest conservation and restoration, and support the provision of myriad environmental good and services, including water regulation, carbon sequestration and biodiversity maintenance. In a PES program, landowners receive formal compensation —usually monetary— from a willing buyer or beneficiary in return for guaranteeing the provision of ecosystem services generated by the natural systems on their land. The logic behind a PES scheme is that the payment will provide enough economic incentives for the landholder to choose to protect, manage, or restore a natural ecosystem instead of giving the land a less sustainable use. While PES programs focus on ensuring the provision of ecosystem services valued by humans, such as water, they also can generate concomitant benefits that are associated with forest protection or restoration, such as the protection of threatened wildlife species and their habitat, which might not have a distinct or direct value for humans.

In Central America, several national and local-level PES initiatives have been implemented and yielded valuable lessons regarding the benefits, challenges and problems associated to these schemes. With the growing interest in tropical forest conservation —or avoided deforestation— as a climate change abatement mechanism, many rural and indigenous communities who are stewards of important tracts of forests, are becoming increasingly interested in participating in PES initiatives, particularly Reducing Emissions from Deforestation and Forest Degradation (REDD). REDD is a form of PES that aims to financially compensate forest conservation and sustainable management on lands that are under threat of conversion, thus avoiding the release of greenhouse gases which contribute to global warming.

PES mechanisms, including REDD, may generate important benefits for rural and indigenous communities, but can also entail complex land protection and management commitments that are often overlooked and require careful consideration. PES schemes pose challenges in many fronts: there are technical



challenges in measuring the ecosystem service that is being provided; economic challenges in setting a price on the service; political challenges in defining ownership and rights over the service; social challenges in determining the equitable distribution of the compensation benefits among the beneficiaries; and legal challenges in defining and dealing with the consequences of failing to deliver the service, among other issues.

This workshop was designed as a space for community and indigenous leaders from the region, and representatives from NGOs that work with communities, to consider the technical, social, economic and political dimensions of PES programs, and equip them with the necessary information to decide if and how they can participate in such efforts. This is the second of a series of workshops that ELTI has held with partner Forest Trends on PES and REDD for rural and indigenous communities, the first of which took place in Rio Branco, Acre, Brazil in August, 2009. In the development of this second event, EcoLogic Development Fund and Rainforest Alliance joined the partnership.



### Objectives:

- Provide community leaders and technical staff of local NGOs with a solid foundation in compensation and payments for ecosystem services (PES), including the services of carbon, biodiversity, and water.
- Introduce participants to PES case studies throughout the region.
- Inform and equip community participants with the skills to analyze opportunities to develop compensation and payments for ecosystem services projects, including REDD.
- Provide guidance on how to develop compensation and payments for ecosystem services projects at the community level.
- Provide participants with the opportunity to meet other people throughout the region involved with PES and to create a network of peers.



**Workshop format:** Through a series of lectures, case study presentations, field visits, group exercises, and a project design clinic, participants learned the fundamentals of PES initiatives. The workshop was structured so that the group left the event better equipped to decide whether or not a PES project is an option for their community, and if so, how they can get started. As part of the workshop activities, participants were introduced to a successful local project in the Pico Bonito National Park, where water councils are managing and protecting the watersheds with funds generated through a water PES program. They also visited a native species reforestation project in the buffer area of park, where the service being generated is carbon sequestration. The workshop also provided ample opportunities for peer-to-peer experience exchanges and learning.



**Coordinators and Course Instructors:** The event was designed and organized by representatives from ELTI, Forest Trends, EcoLogic Development Fund and Rainforest Alliance. Mr. Francisco Paredes, a long-term resident of Honduras with vast experience on PES and community-based conservation, was hired

as course facilitator, while Mrs. Diana Mendoza Tong was hired as the logistics coordinator. ELTI staff, Dr. Eva Garen and Ms. Saskia Santamaria, played a fundamental role in directing and overseeing the design of the curriculum and overall management of the workshop, and ELTI Director, Mr. Javier Mateo-Vega, led and taught the first module of the workshop on ecological principles and social dimensions of conservation, which set the stage for the entire event. More than 20 experts from the other partner organizations, as well as from WWF, CARE, ACICAFOC, BARCA, IDESAM, and Bosques Pico Bonito S de R. L. were invited to give lectures and lead field activities. In addition, participants from organizations and groups actively involved in PES projects, such as the Panama Canal Authority (ACP), Panama's National Association for the Conservation of Nature (ANCON), and the indigenous community of Ipeti-Embera in Panama, were able to share their experiences with the group.

**Participants:** The workshop was directed toward community and indigenous leaders and technical staff from NGOs and other organizations that work with local communities on compensation and payments for environmental services. A total of 48 individuals from Honduras, Guatemala, Nicaragua, Mexico, El Salvador, and Panama took part in the workshop.

**Outcome & Course Follow-up:** On the final day of the event, participants had the opportunity to work in break-out groups on the design of a real PES project concept. With the support of a facilitator, they considered the multiple steps that must be taken in such efforts. The purpose of this activity was to help them begin to translate the concepts learned throughout the workshop into more grounded and concrete ideas for PES schemes in their own communities and regions. The workshop organizers expect that this exercise will help participants use their newly acquired knowledge and put it into practice in the development of PES schemes, wherever viable. All organizations have committed resources and personnel to provide follow-up support to participants, whether through additional training and technical mentorships – such as in the case of ELTI – or by accompanying alumni directly in the development of their initiatives. It is also expected that the workshop will serve to create a new network of peers from the region with whom participants can continue discussing PES. ELTI will monitor and track the activities that alumni develop as a result of this workshop.



Photo by Kenya Mejía

---

*This event was possible thanks to Arcadia Fund, whose Environmental Conservation grants support programmes that protect and enhance biodiversity, and provide field training and academic research.*