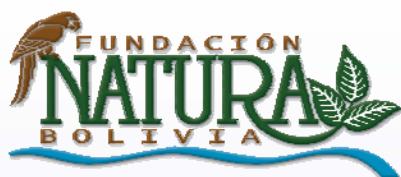


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NEWSLETTER OF THE FUNDACIÓN NATURA BOLIVIA



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Fundación Natura Bolivia specializes in the development of financial mechanisms—such as compensation for environmental services—to sustainably conserve critical ecosystems and improve the wellbeing of the Bolivian population.



Santa Cruz ecológica Trabajando juntos, hacia una realidad



Attled by the shore of the great Piraí River, Santa Cruz de la Sierra seems to have turned its back on a beautiful and important natural vista, paying more attention to its rapid industrial and urban development. Earlier a place for rest and contact with nature, the banks of the Piraí River are now a hotspot for contamination, natural resource extraction and thieves. It is timely, then, that the Santa Cruz Municipal Government's Environmental Office is considering a total renovation of the riverside.

Fundación Natura Bolivia, following its mission to foster sustainable development and improve the quality of life of the people of Santa Cruz, is supporting the Environmental Office as it makes the first steps towards the development of a urban ecological park to be located on the riverside of the Piraí River. The Metropolitan Park's goal is to create a space which will generate sustainable economic growth and become a structural axis of the metropolitan area in perfect harmony with nature.

In order to support this dream, Fundación Natura invited Bart Nollen, the manager of International Consultancy Europe BV (ICE BV), to tour the riverside region known as the Costanera and immerse himself in the possibilities of this visionary project.

Guided by creative and innovative proposals for sustainable development, ICE BV provides consulting, management and investment services in the fields of biodiversity, renewable energy, water supply and carbon transactions to its partners around the world.



International
Consultancy
Europe BV

Foto: Josefina Marin (Fundación Natura), Phil Williams (ICE BV) and Paulo Barreiro (Fundación Natura), during a visit to the Guembe Biocenter in the city of Santa Cruz de la Sierra



In January of this year, Mr. Phil Williams, representative of ICE BV, visited Santa Cruz to evaluate the potential for investments in water, carbon and biofuels in the region. During his stay, Mr. Williams had the pleasure of visiting the La

Madre wetland during the World Wetlands Day, celebrated each February 2nd. In this opportunity, ICE BV and Natura joined the Environmental Office's delegation and journalist Carmen Pérez C. from the El Deber newspaper on a

brief informative walk through the site.

The following article was published in El Deber on February 3rd, 2009.

Wetlands will be an ecological park

Carmen Pérez C. (El Deber)



Visit to the La Madre wetlands (Photo: C. Jordán)

The siege of land traffickers, judicial conflicts for land tenure and the struggle against predators puts the La Madre wetlands at risk, which was declared a municipal protected area in 2007 and is expected to be turned into an urban ecological park this year, covering 498.000 square feet.

The World Wetland's Day was celebrated yesterday and the La Madre is considered one of the biggest in the world, reason for which four environmental experts compare the Santa Cruz wetlands with the lungs of the city. For Romel Miserendino, of the Chiquitano Dry Forest Conservation Foundation (FCBC), the La Madre wetland is of

fundamental importance for the regulation of the hydrological system in Santa Cruz de la Sierra.

‘If you have deforestation or any bad action in this wetland, you damage everything that lives in it, and that has repercussions for its surroundings. If the wetland ever dries, the subterranean aquifers which irrigate the area will automatically dry up’, warned Miserendino.

In turn, Luis Fernando Terceros, Head of the San Matías Natural Integrated Management Area, indicated that it is necessary to turn to international organizations for technical and

financial support to conserve this area.

‘Making this a Ramsar site, which is to say an international wetland, would provide more support so that international organisms would finance projects and preserve it’, suggested Terceros.

To his mind, the municipality must strengthen the presence of park guards around the site, in order to preserve the environment.

‘We are going through a difficult situation in terms of land grabbing; whatever needs to be done there must be done as soon as possible’, stressed the San Matías protected area director, who is also an expert on environmental subjects.



La Madre wetlands exit canal (Photo: P. Barreiro)

The professional's position coincided with the proposal of two organizations that have joined the Municipality's project to turn the place into an urban ecological park; Fundación Natura Bolivia and ICE International Consultancy Europe. Paulo Barreiro, from Natura, and Phil Williams, from ICE, visited the wetland yesterday together with local technicians to assess the terrain, in order to finalize an agreement with the Santa Cruz Municipality. 'We want to invest in this area with financing and human resources. This is a great treasure that we must protect', indicated Barreiro.

In turn, Williams seemed surprised to see that a few kilometers away from the city's downtown area there is a wetland of exuberant vegetation. ICE's representative made public their predisposition to protect the area of La Madre.

In turn, the Director of the Environmental Office of the Santa Cruz de la Sierra



La Madre wetlands park guards (Photo: P. Barreiro)

Municipality, Eric Titze, was convinced that the project to transform this area into an urban ecological park is a sure thing for the current administration.

'We have suggested that the area be fenced to avoid aggressions to the environment,

but there are still conflicts in relation to land tenure, although the issue is in the hands of Legal Advisors'.

He recognized that there is a fear of land traffickers entering the zone, as they did last week. He also said that during the past year, attempts from 184 trucks to offload garbage and rubble on the land were successfully avoided.

Fundación Natura Bolivia applauds and accompanies the Santa Cruz Environmental Office's promising initiative, in the belief that this project will become a true structural axis for the city of Santa Cruz, creating public awareness about its hydrological services, biodiversity conservation and care for the environment. This visionary project will go from being an inter-institutional triumph to becoming a model of conservation and integration for the people of Santa Cruz, for and with their natural environment.



Visit to the forest of the La Madre wetlands (Photo: C. Jordán)

The Bellagio Conversations

Nigel Asquith and Sven Wunder (eds)

The publication *Payments for Watershed Services: the Bellagio Conversations* (Asquith and Wunder, 2008) seeks to share lessons learned by implementers of payments for watershed services (PWS) initiatives worldwide. This is the fourth excerpt to be published in the tri-monthly newsletters of Natura.

When should services be “bundled” to increase payments?

Some PWS schemes have tried to either “bundle” various services together for sale to one buyer, or to “layer” payments from multiple buyers into payments to providers. “Bundling” refers to selling several commodities to the same buyer, e.g. water users buying water quality protection pay a premium for also protecting biodiversity in the same area. This occurs in the Mexican and Costa Rican national-level schemes. More usual at the local level, and perhaps more difficult, is “layering” sales—selling multiple services to different buyers: this requires interaction with several service users (raising transaction costs), facing trade-offs in the provision of various services (raising management and monitoring costs), and facing possible free-riding/additionality dilemmas between several buyers.

A land use action in a given watershed normally produces more than one environmental service. For example, forest conservation may protect carbon stocks, safeguard biodiversity, and ensure water supplies. The question is often asked, therefore, whether it is possible to sell more than one service from the same area. In fact, in some cases increasing the provision of one service may reduce the level of other services. For example, some fast-growing plantations intended to sequester carbon may have low biodiversity levels.

Q1 When is it necessary to try to sell more than one service?

To induce landowners to adopt the desired land use requires a minimum payment based on the opportunity cost of the most profitable land use. If selling a single service is insufficient to compensate landowners for this opportunity cost, then selling more than one service might solve the dilemma. In general, promoters should start with the service that is most valuable and easiest to sell, and then continue

working through the other services until a sufficient payment level is reached. Alternatively, promoters might try to negotiate with various buyers at the same time to form a consortium.

Q2 When is it possible to sell more than one service?

At a minimum, several services need to be being generated jointly, and there need to be potential buyers for each service. However, that may not be enough. Many potential buyers have rules that explicitly prevent them from buying services when other payments are already made. The Clean Development Mechanism (CDM), for example, will only pay for carbon sequestration that is truly additional: i.e. that which would clearly not have happened without carbon payments. Similarly, The Global Environment Fund (GEF) will only pay for the incremental costs of activities that would clearly not take place without GEF support. If other payments (e.g. from water users) are already sufficient to compensate land users for the opportunity costs, GEF or CDM additionality rules



Boy from the Cruceño Valleys

Water consumers in the city of Saltillo (Mexico) make voluntary payments for upstream watershed management, and have expressed explicit additional willingness to pay also for protecting upstream bird habitat.

cannot be met. In addition to formal restrictions, some potential buyers will strategically find it rational to try to free-ride as much as possible on other user payments. When other services are also provided, there may be some buyers who are willing to pay a premium, over and above the price of the service in which they are principally interested. For example, in order to control the invasive alien plant species that consume large amounts of water in South Africa, water security is highly subsidized through the Working for Water public works program. Note also that some buyers will only consider projects that provide multiple benefits, but without being willing to pay a premium for them. For example, some buyers of carbon only consider projects that also conserve biodiversity. In that case, generating multiple services may provide access to one market, but will not necessarily result in a higher payment.

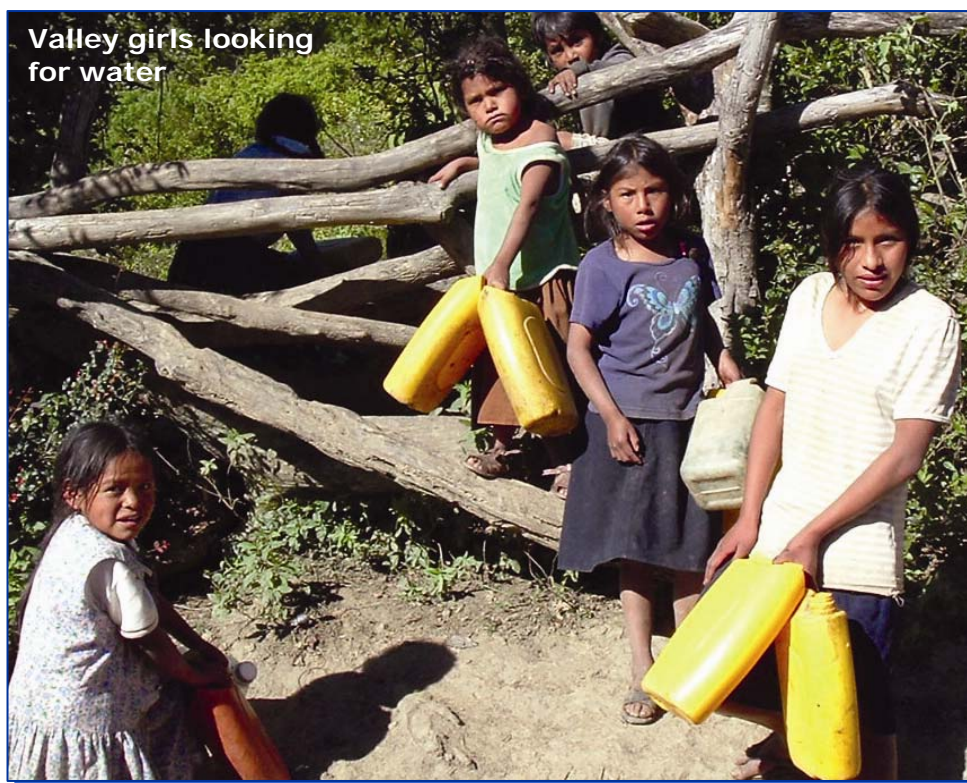
Q3 To whom can multiple services be sold?

Bundling is a well-defined concept for marketers, referring to selling several commodities to the same buyer. Transferring this to the environmental service and PWS sphere, bundling occurs if for example water users paying for water quality protection are willing also to pay a premium for biodiversity being protected in the same area. A good example is where buyers of climate-change mitigation measures pay a premium for biodiversity and

other (e.g. social) on-site benefits. Government-financed schemes often have the explicit mandate to protect various services (e.g. the Costa Rican government-financed PES scheme), and are thus classical examples of naturally bundled PES programs. Yet, some small-scale, user-financed bundling schemes also exist. Water consumers in the city of Saltillo (Mexico) make voluntary payments for upstream watershed management, and have expressed explicit additional willingness to pay also for protecting upstream bird habitat. However, this seems to be more the exception than the rule: most service buyers are only interested in buying one particular service. Usually, the



more realistic challenge is to “layer”—to sell multiple services to different buyers—such as in Los Negros, Bolivia. Unlike bundling, layering requires interaction with several service users (raising transaction costs), facing trade-offs in the provision of various services (raising management and monitoring costs), and facing possible free-riding/additionality dilemmas between several buyers.



The Hon. Mayor of Pampagrande travelled with Natura to Colombia to participate in an environmental services workshop: here he shares his perspective on CES

On February 18 and 19th, Mr. Germán Butrón, Honorable Municipal Mayor of Pampagrande, accompanied Natura's interim Executive Director, Huascar Azurduy, to Manizales in Colombia to participate in the 'Andean Outlook on Hydrological Environmental Services Workshop'. The objective of the event was to discuss the state of art of knowledge, action and politics to protect and restore the hydrological environmental services of the Andean region.

As a result, an action plan was developed with a focus on strengthening or creating financial, economic and/or political mechanisms for the restoration/protection of hydrological environmental services in the Andes. Mr. Butrón returned from his visit filled with enthusiasm for the compensation for environmental services (CES) initiative underway in his municipality, and was interviewed by Julián Torrico to know his opinions about this initiative and the workshop in Colombia.



What do you think about the CES initiatives in Bolivia, more specifically in the Cruceño Valleys area?

It is a very good initiative, a positive one as it achieves the participation of many people, it's open.

What benefits do you believe CES initiatives bring to the population?

It's of great benefit given that, through CES, one can achieve environmental conservation and supply the population with water. Without these things, everything tends to fail.

What did you think of the Colombian CES workshop?

It's been an important experience, interesting, as we could compare the experience of Bolivia and I believe there are many similarities. It began with a visit to the watershed they are conserving. I believe that maybe the experience in Bolivia is better given that we have more acceptance from the people. In Colombia, it seems that it's not working so well, it's a sensitive issue.

Do you believe these types of initiatives can be replicated in other regions, and why?

Of course, we are working on it and thanks to the understanding gained by people, we will protect, take care of water supply areas. People have seen the problem, have woken up, and will continue supporting the initiative. The important thing is to achieve the community's participation and have in mind that resources are a key factor.



Do you believe that the tripartite agreement between the cooperative, your municipality and Fundación Natura Bolivia to contribute to the fund during 10 years is positive?

Yes, any open, participative agreement is positive. In this case the agreement achieved great progress since it has been participative.

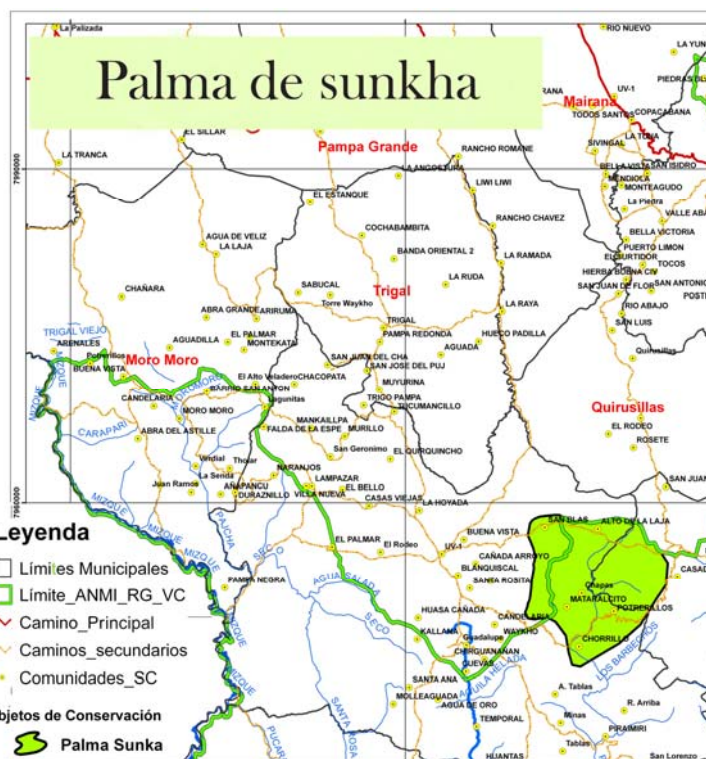
Do you believe that the contributions will have an impact on the flow of water in the Los Negros river, particularly during dry season?

Yes, it has an impact. Now with the 3,013 ha that we have already [under conservation], we have noted a change.

The sunkha palm: conservation object of the Río Grande-Valles Cruceños protected area

During February of this year, with the support of the Protected Area Office of the Santa Cruz Prefecture, Natura realized the last of a series of three workshops aimed at sharing the information gathered for the management plan of the Río Grande-Valles Cruceños protected area, and identifying key areas for conservation and the sustainable management of natural resources.

The first event was carried out in the city of Vallegrande in October, the second in Abapó in December 2008, and the last one was recently in the city of Santa Cruz. Each workshop involved key actors from the municipalities and communities of the protected area, all of them keen to support the implementation of the management plan in the area. One of the activities of the workshop was to define eight 'conservation objects', following the methodology used by The Nature Conservancy. This exercise helps to focus strategies to protect ecosystems and/or



species within an area which are both threatened and important. One of the objects of conservation defined in this case was the sunkha palm (*Parajubaea sunkha* Moraes).

This palm is a species endemic to the valleys which can be found only in the northeastern region of the Vallegrande province. Its name derives from the indigenous quechua word meaning 'beard', referring to the appearance the fiber gives to the tree. For a long time now, the sunkha palm has brought multiple benefits to the people established within its natural area of distribution. The fruit and the palm heart are used for human and animal consumption, while the fiber and leaves are used to make a series of handcrafted products for commerce and personal use. This direct usage of the species, in addition to the impact of cattle grazing and the alteration of its natural habitat, is provoking a

severe degradation in the sunkha palm's natural population regeneration, to the point that it is considered to be highly threatened.

The conservation and sustainable management of the sunkha palm is part of an integrated conservation strategy for the protected area, which aims to conserve the natural values of the Cruceño Valleys while creating jobs and generating income for local people. Natura has approached the people of the El Palmar community to determine how we can help optimize the production chain; from the gathering of raw material, to the artisans and weavers who work with the fiber, to the people who sell the products. Moreover, the initiative aims to develop touristic activities, given the sightseeing potential of the area and the interest in the sunkha palm trees.



The sunkha palm

Getting to know the different faces of Natura...

Huáscar Azurduy Ferreira

Science Director (Interim Executive Director)

Huáscar has a degree in Biological Science from the Gabriel René Moreno Autonomous University. He has worked in the Noel Kempff Mercado Natural History Museum as a researcher for nearly 16 years, coordinating various projects related to biology and wildlife conservation, as well as coordinating forums on biology, animal management, paleontology and mastozoology. In addition to his work as Science Director with Natura, he is currently editor of the scientific publications *Kempffiana* and *GAB*.



Osvaldo Sánchez Galarce

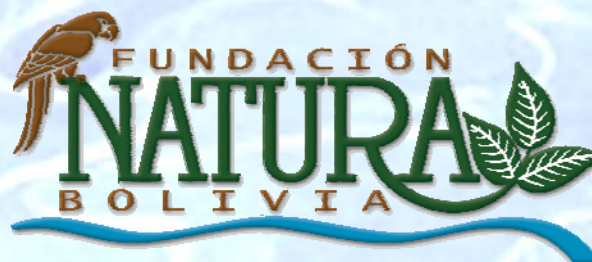
Accountant

Osvaldo has a degree in Public Accounting (Financial Auditing) from the Gabriel René Moreno Autonomous University of Santa Cruz de la Sierra. He has worked as accounting assistant, auditor and general accountant in a variety of institutions and companies. With more than seven years of experience in the accounting sector, he currently works as Accountant for Natura, supporting in the administration of different projects within the institution.



Irrigators cleaning a canal

Edition: C. Jordán
Translation: P. Barreiro



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