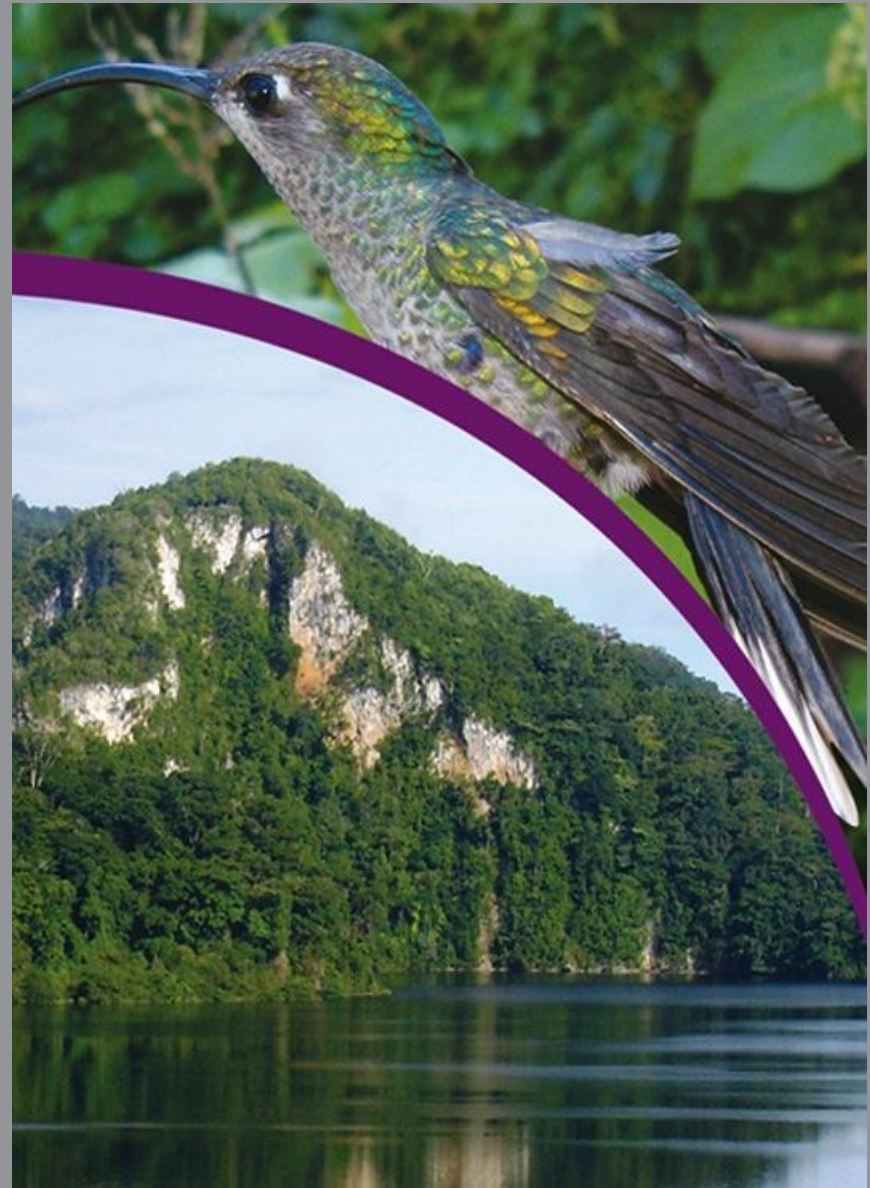


Payment for Environmental Services as a tool for conservation in Mexico





Ecosystems provide environmental services essential to our survival

Environmental Services represent benefits derived from natural processes that maintain all life on Earth, including human beings



Payments for Environmental Services were created:

- As an economic incentive for owners of lands generating those services
- To promote the conservation of forest ecosystems and compensate both the opportunity cost derived from undertaking activities that damage ecosystems AND the costs of good land management practices

CONAFOR strategies for PES:

- National PES Program
 - Hydrological
 - Biodiversity
- Local PES mechanisms through matching funds
- Biodiversity Endowment Fund





Hydrologic PES was created through the Federal Charges & Fees Law, earmarking a portion of the revenue from water charges for the payment of Environmental Services of Forests.

Aprox. 25 million dollars per year are transferred through the Mexican Forest Fund (National fund created by Law)

This scheme did not consider the direct participation of municipalities nor Water Utilities.

Evaluation criteria to evaluate applications for PES resources

Elegibility criteria

Forest type

Deforestation risk

Over-exploited aquifers

Natural Protected Areas

100x100 program

Priority criteria

- Social development (SEDESOL)
- Indigenous majority
- Gender
- Density of forest cover
- *Ramsar* and bird conservation priorities
- Biomass density
- Disaster risks
- Water availability
- Soil degradation
- Priority watersheds
- Local PES systems
- Participatory monitoring & supervision
- Community Land Planning

Payment differentiation (2010 Budget)

Payment areas	Ecosystem (USV4 INEGI)	Deforestation risk (INE)	Amount pesos/ha/yr	Elegible area (ha)
1	Bosque Mesófilo	Very High	\$1,100	88,452
2	Bosque Mesófilo	High, Medium and Low	\$700	1,853,404
3	Selvas Altas Perennifolias	Very high, High, Medium, Low and Very low	\$550	7,388,413
4	Bosque de Coníferas Selva Subcaducifolia Bosque de encino (encino-pino; pino-encino)	Very high, High, Medium, Low and Very low	\$382	25,307,783
5	Selva caducifolia y Selva espinosa	Very high and High	\$382	5,681,210
	Vegetación Hidrófila (Manglar)	Very high, High, Medium, Low and Very low		
6	Selva caducifolia y Selva espinosa	Medium, Low and Very low	\$280	23,480,064
	Zonas áridas y semiáridas Pastizales naturales	Very high, High, Medium, Low and Very low		
TOTALES		Superficie total de Zona Elegible PSA		63,799,326

Good Land Management Practice Guide & Program

- Is a tool that allows the identification of risks and threats as well as activities to conserve and/or improve environmental services
- Some activities are considered mandatory for all plots and are included in the Operating Rules of the Program, while others depend on the land plot assessment.

Mandatory from year 1 through 5

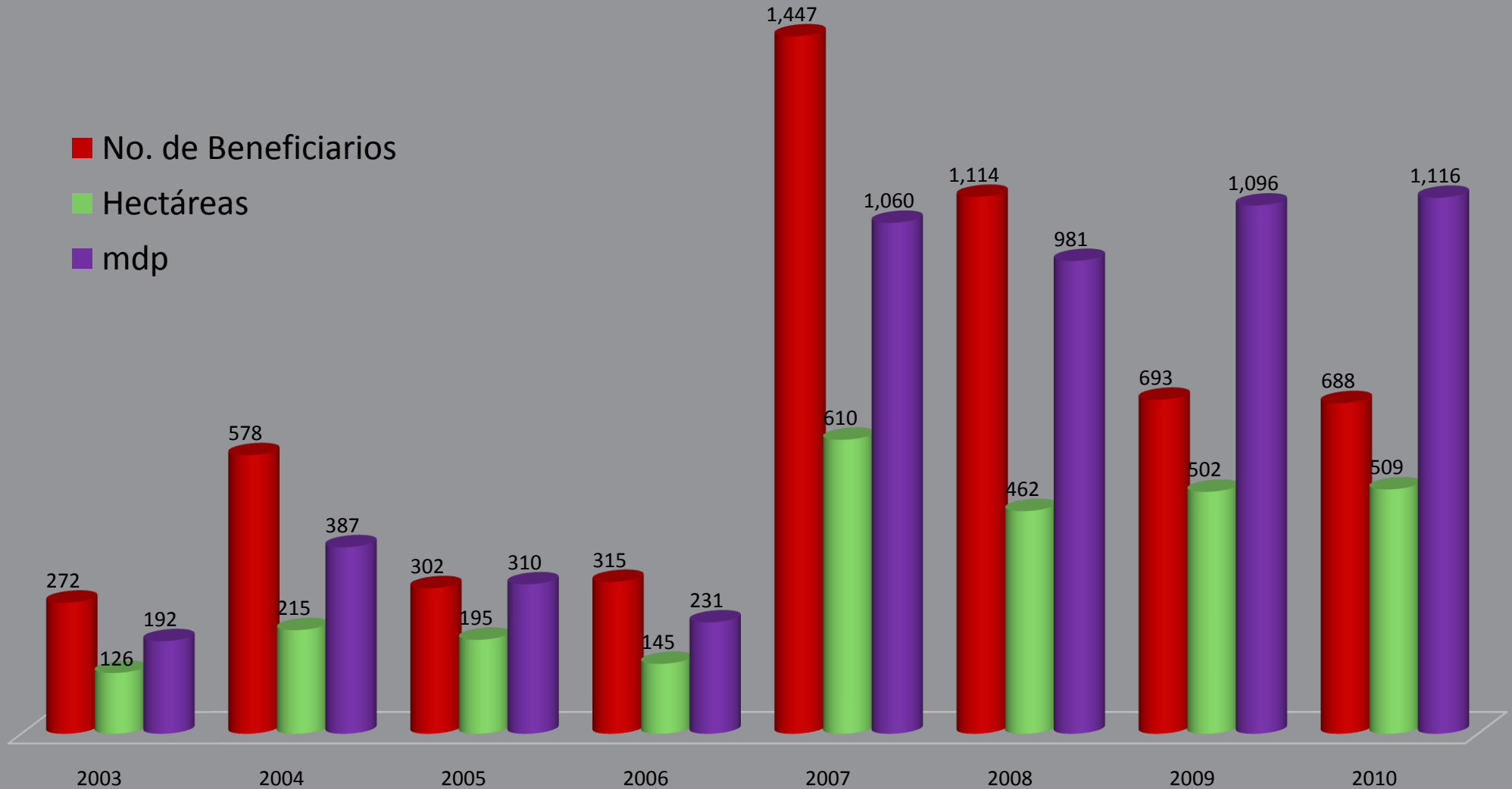
- Avoid land use change
- Conserve forest cover and avoid degradation
- Limit extensive pasture
- Monitoring
- Fire protection
- Sign posts in areas subject to PES
- Training courses for beneficiaries
- Avoid land use change

Examples of management actions according to the land plot assessment (from 2nd year onwards)

- Water works and management
- Land management and conservation works
- Vegetation management and maintenance works
- Education and training
- Control and exclusion of invasive alien and non-native species
- Diversified management in agroforestry systems and shade grown crops.
- Protection of nesting, refuge or feeding grounds of wild fauna.

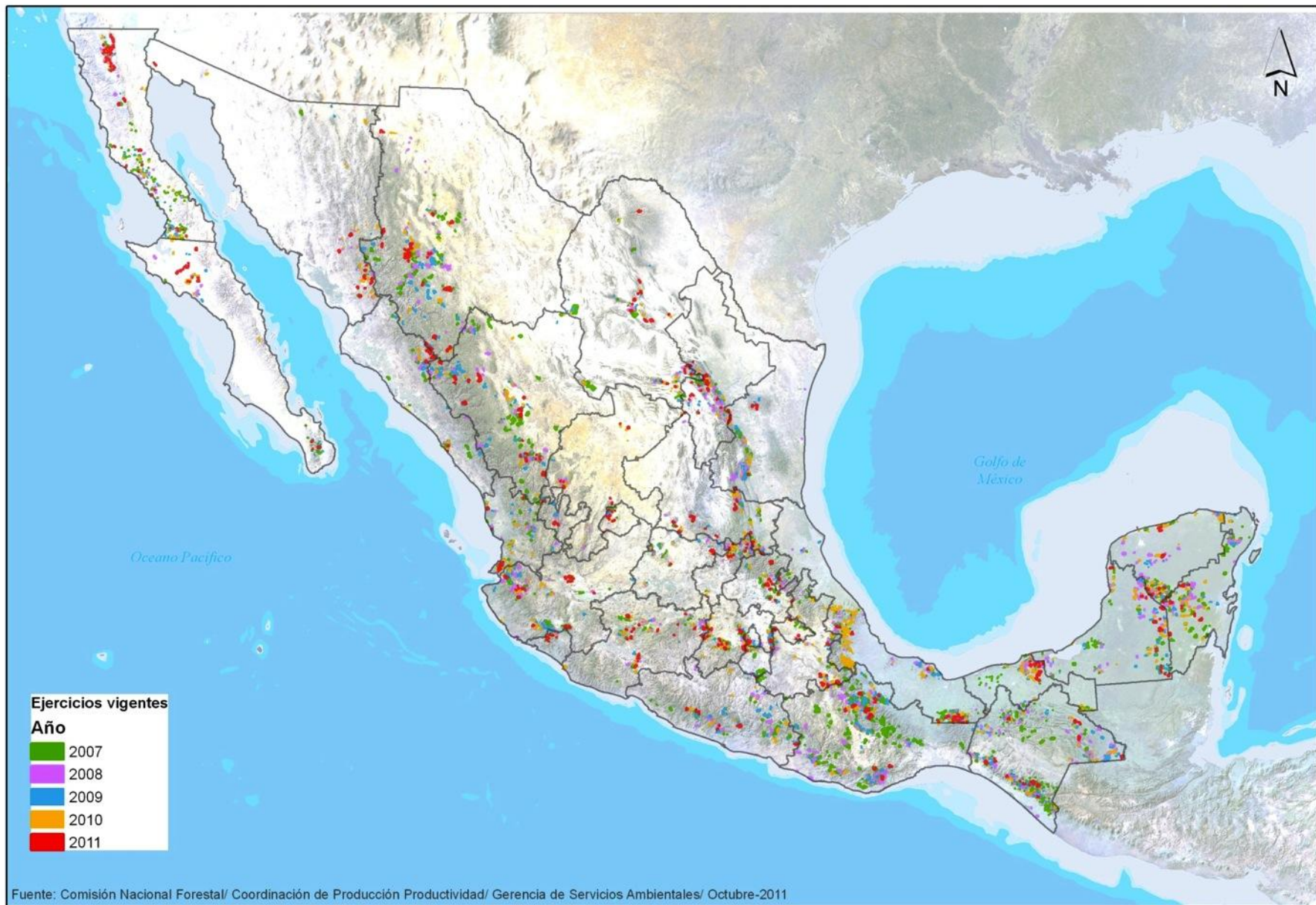


Payments for Environmental Services over time



- **Total investment 2003-2010:** 5,377 million pesos
- **Beneficiaries:** 5,400
- **Conserved surface:** 2.7 million ha.





Local PES mechanisms

Institutional arrangements that allow transfer of resources from users of environmental services to the providers (owners of forest resources) to promote good land management practices and maintain and enhance environmental services.

Underlying watershed or biological corridor protection strategy for local PES mechanisms.

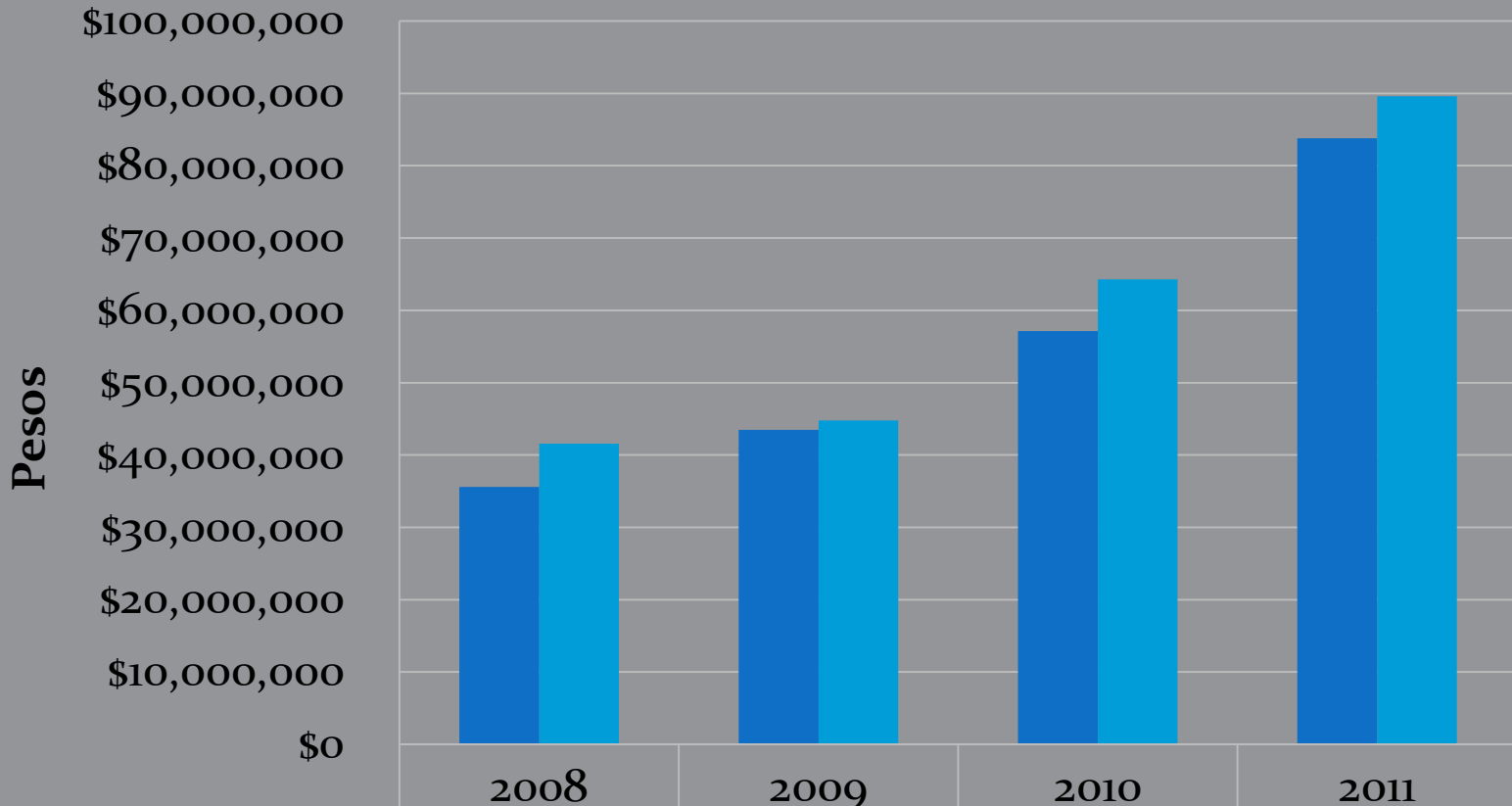


CONAFOR developed *matching* PES funding scheme to provide incentives for local PES mechanisms

- The scheme invites users of environmental services to provide financial resources to PES in their territories



Budget spent to *matching* funds for local PES mechanisms (2008-2010)



■ Monto asignado por año en PSA-Fondos Concurrentes	\$35,604,316	\$43,457,113	\$57,129,816	\$83,773,068
■ Monto Contrapartes	\$41,584,333	\$44,787,894	\$64,270,738	89,605,481



Local PES mechanisms supported through *matching* funds



Biodiversity Endowment Fund

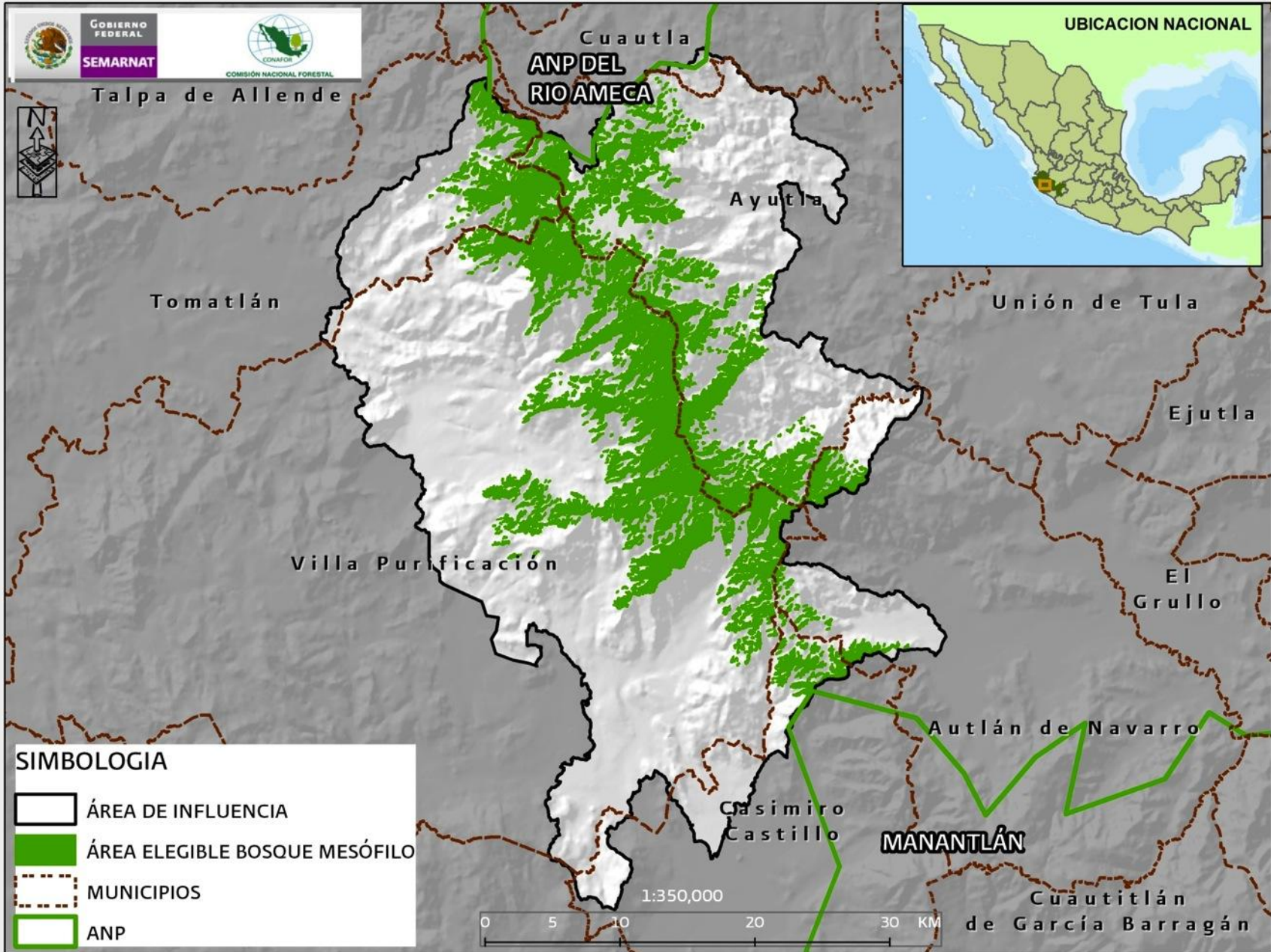


- Part of the Mexican Forest Fund
- **Objective of the fund:** generate a long term financing scheme for the conservation of forest ecosystems that protect biodiversity of global importa
- nce.
- Only the interest generated will be used for PES payments.

Broad implementation strategy

- Seeks to create biological corridors to promote their conservation, in a wide context, where other instruments are combined, such as territorial planning, Natural Protected Areas, certified forest management, conservation *easements*, local PES mechanisms, etc.
- Seeks to mobilize other private and public sources of finance for the same eligible area.







UN ESFUERZO CONJUNTO

The future

Since 2003, **CONAFOR** has compensated owners of forest resources where environmental services are generated.

However, individual users of these services are being engaged through local PES mechanisms, with a focus on watersheds or biological corridors.

These mechanisms encourage further collaboration between different levels of government and society as a whole.

Comisión Nacional Forestal



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¡Gracias!