

Rewarding ecosystem services – an example from Central America

Indigenous Peoples and local communities (IPLCs) steward over 80 per cent of the planet's remaining biodiversity. However, they do not economically benefit from protecting these ecosystems and the services they render. This also applies to Central America, one of the regions richest in biodiversity in the world. Therefore, via KfW Development Bank, the German Government is supporting an innovative financing approach that recognises and rewards the ecosystem services provided by IPLCs.

By Susanne Berghaus

Indigenous Peoples and local communities (IPLCs) in Central America conserve large biodiversity-rich forest and wetland areas, both inside and outside what is nationally protected. These areas render critical ecosystem services at regional and global scale, such as drinking and irrigation water, pollination of agricultural crops, carbon sequestration, buffering of extreme weather events, air purification, and others. Although IPLCs provide these services, they are usually not rewarded for them. At the same time, their living conditions, often characterised by hunger and a lack of income and development opportunities, may force them to exploit the very ecosystems they have protected, leaving them all the more vulnerable to the consequences of climate change.

One step towards more social and economic support is the recent signing of a grant agreement to the tune of ten million euros between KfW Development Bank, on behalf of Germany's Federal Ministry for Economic Cooperation and Development (BMZ), and the Asociación Coordinadora Indígena y Campesina de Agroforestería Comunitaria Centroamericana (Acicafoc), an umbrella organisation for indigenous and Afro-descendant communities and smallholder farmers in Central America. The second implementing partner is the Fondo Indígena para el Desarrollo de los Pueblos Indígenas de América Latina y El Caribe (Filac), an intergovernmental body that supports the self-development processes of indigenous peoples, communities and organisations in the region, and the dialogue between the main actors of indigenous development.

The project "Environmental Management with Indigenous Peoples", which is set to start in mid-2024, seeks to strengthen IPLCs in their role as conservationists and knowledge bearers of sustainable management practices in order to preserve biodiversity, secure their livelihoods and strengthen their self-determination. It is to benefit IPLCs in six Central American countries – Belize, Costa Rica, El Salvador, Guatemala, Honduras and Panama. Acicafoc, in its role as the Project Execut-



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ing Agency, will support local organisations of IPLCs in the preparation of small-sized sub-projects (250,000 to 600,000 euros each).

The sub-projects consist of two main components. With the Management Plan for the ecosystems, their protection is measured, monitored, and (annually) rewarded for an initial period of four years. The relevant criteria for the calculation of the payments are the size and the biodiversity "value" of the land that is collectively conserved by the IPLCs. The second main component is a Community Development Plan defining public welfare-oriented and production-improving investments that are eligible to be co-funded via the payments made under the project. These are in kind, and not in cash. Ecosystems to be recognised for promotion under the project must be outside

of the national protected area systems and already under the collective conservation of the IPLCs.

In Guatemala, through funds also provided by BMZ, KfW has already supported a similar approach, co-financing conservation of biodiversity by IPLCs in a project of the national Protected Area Authority CONAP. The lessons learnt in the context of this project – as part of the LifeWeb Initiative of the Convention on Biological Diversity (CBD) – were used to develop the project with Acicafoc.

A participatory approach

Local first or second-level organisations representing the interests of the IPLCs sign a formal

project agreement with Acicafoc, committing themselves to implement a set of prior agreed conservation measures as defined in the respective Management Plans. However, it is the Community Development Plans which are at the heart of the project approach. Here, local communities identify, internally negotiate and collectively agree on the development activities to be co-funded with the payments they receive for the environmental services they provide. A pre-determined share of the funds is managed exclusively by women. The related participatory processes can be time-consuming, but they are essential to ensure social agreements and commitment within the local communities that reflect the communities' ideas and values and that meet their actual needs.

The proposed investments need to be in accordance with the project's funding lines. The first funding line focuses on social, cultural and governance-related development activities.

Eligible measures could for instance improve food security through investments in storage systems and seed banks or provide basic community sanitation infrastructure. The second funding line targets economic development aimed at the sustainable use of natural resources. Eligible measures include activities such as the restoration and/or conservation of forest remnants that protect water sources or the production of vegetables in greenhouses managed by organised user groups (especially by women). Also, production and marketing infrastructure, for example for coffee, ecological processing and storage or infrastructure for pulp and honey water treatment, is eligible for funding.

During the implementation of the sub-projects, the responsible organisations representing the interests of the IPLCs are supported in project management and monitoring by Acicafoc. This contributes to local capacity-building, which is important for the organ-

isations' long-term development, even beyond the project. In the long term, decision-makers at regional, national and local level are to be strengthened in their rights and knowledge about collective and culturally appropriate forms of biodiversity conservation. The project thus directly contributes to achieving the goals of the Kunming-Montreal Global Biodiversity Framework.

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Supporting indigenous communities' forest conservation efforts in Latin America and the Caribbean

A recent report by the UN Food and Agricultural Organization (FAO) and the Fund for the Development of the Indigenous Peoples of Latin America and the Caribbean (FILAC) demonstrates that the forests of Latin America and the Caribbean's indigenous and tribal territories contain almost 30 per cent of the carbon of the region's forests and 14 per cent of the carbon in tropical forests world-wide, making them key for global, regional and local climate mitigation and resilience.


According to the Economic Commission for Latin America and the Caribbean (ECLAC), 826 different Indigenous Peoples, with an estimated population of 58 million people, are living in the region. Out of these 58 million, between three and seven million people live in territories with forest cover.

Historically, forests in indigenous and tribal territories have suffered much less destruction than the region's other forests. There are various reasons for this. Many Indigenous Peoples have productive systems that are less harmful to forest ecosystems. Even though to some, this might seem to be a naïve or romantic notion, it is supported by empirical evidence. Here, traditional knowledge about fauna and flora, pests and diseases, and climate and soils plays a crucial role. For example, research in the Plurinational State of Bolivia's Amazon shows that those communities of the Tsimane people that have greater traditional ecological knowledge conserve their forests more and better than Tsimane communities lacking that knowledge. This suggests that people who spend more time in the forest and know how to get greater benefits from them take care of them better. The fact that harvesting non-timber forest products like medicinal plants, wild fruits, bushmeat and fuelwood is an integral part of Indigenous Peoples' cultures in forest regions and contributes notably to their livelihoods suggests that it is logical for them to appreciate forests.

Some community forestry and payment for environmental services policies and programmes favour indigenous territories more than territories of other landowners or users, which also helps to explain why forests in these territories are in better shape – after all, the communities have an extra incentive not to destroy these forests. Examples of this include the Socio Bosque programme in Ecuador, the National Forest Conservation Programme (PNCB) in Peru or the Environmental Payment for Services programme in Mexico. All these programmes have demonstrably reduced deforestation, and it is likely that they have also reduced forest degradation. For instance, Mexican indigenous communities that receive these payments monitor forests, control fires and reforest more and report less commercial hunting and controlled fires than communities not receiving corresponding payments, says the FAO/FILAC report; and Ecuadorian communities in Socio Bosque have less damage in their forests that have been logged, and commercially valuable timber species are more prevalent.

Despite the positive impact of these factors, the people and forests of the region's indigenous and tribal territories are increasingly under threat – also because of growing demand for food, minerals and energy, timber, tourism and other services. To maintain the integrity of the territories' ecosystems and their cultures, the authors of the report call for an increase in investment in these territories, accompanied by policy, procedural and governance reforms. These ought to contain five central components: the recognition of collective territorial rights, compensation for environmental services, promoting community forest management, the revitalisation of ancestral knowledge and the strengthening of grassroots organisations and mechanisms for territorial governance.

(FAO/FILAC/sri)

 References: www.rural21.com