

# Report on the Self-Evaluation Study of RUPES

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Developing Mechanisms for  
Rewarding the Upland Poor in Asia for Environmental Services They Provide

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## 1 Objective and Scope of the Study

This report is the outcome of a self-evaluation study of the Rewarding Upland Poor for Environmental Services (RUPES) Program. Through this study, the RUPES project has sought an independent assessment of the gains from the project as it nears the end of the TAG. The purpose of the study was to obtain an in-depth understanding of the achievements and limitations of the RUPES project. To this end, the scope of the study is to address the following issues:

- to what extent the initial framing and impact pathways were realistic,
- how we used inputs to produce outputs,
- what indications we have that our 'outputs' (will) lead to 'outcomes',
- how outcomes are expected to translate to positive impacts on the target group, and
- what has been learnt; by whom and how

The study will also hopefully provide inputs that can be translated into the improvement of designs for similar projects in future.

## 2 Organization of the Report

The report is organized as follows: Section 3 provides a brief introduction to the RUPES project. Section 4 discusses the Methodology adopted for the study, in terms of the tools and techniques used and the analytical framework. Section 5 gives an overview of the sites and relevant activities within the RUPES project in order to contextualize the analysis that follows in Section 6. Section 6 comprises the main part of the report and presents the detailed findings of the self-evaluation. Section 7 concludes the report

## 3 A Brief Introduction to RUPES

There is a high risk of erosion and severe degradation of the uplands in the mountain areas. This often leads to landslides and flooding in downstream villages, making uplands a priority target for development initiatives for resource conservation (and poverty reduction). Most development efforts in these areas have focused on initiatives to support self-empowerment of the poor upland communities, through investments in resource rehabilitation and conservation and protection, including agroforestry systems. However, these investments tend to be short-

lived and often regress, and in many instances, vanish after the development initiatives end.

The upland and mountain peoples often bear a disproportionate share of the negative economic externalities resulting from the development process. This is partly due to the loss of their production base to land acquisition for development projects and the appropriation of natural resources (including forest and water) by national and non-local interests. In addition, many of the upland poor and mountain communities in Asia already managing landscapes in a sustainable manner often do so at high opportunity costs, because of the onsite constraints posed by environmentally sustainable technologies. At the same time, they generate environmental goods and services that benefit off-site users who do not pay for these services. The long-term sustainability of these technologies is also threatened by an increasing population placing pressure on resources; and markets that do not fully account for the contribution of environmental services to the economy.

Hence, it is important to formulate environmental transfers in order to facilitate the appropriation of upland management technologies. This will ensure a long-term environmental service is generated. These service mechanisms can only be established when upland communities and resource users realize the environmental values associated with the impact of upland conservation technologies on: the welfare of upland households, protection of watershed functions, biodiversity conservation, carbon sequestration and landscape beauty. The RUPES program began in January 2002 with initial funding from the International Fund for Agriculture and Development (IFAD). The RUPES project is coordinated by World Agroforestry Centre (ICRAF)SEA and covers several countries in Southeast Asia. It had been approved for funding by IFAD for a 4-year period (2002 – 2005) and this has been extended to 2007 under the umbrella of the poverty alleviation program. Through their partnership with IFAD as the major donor, the ICRAF is taking an active role in leading a consortium of partners to utilize their knowledge in deploying rewards to upland communities. New methods are tested in transferring payments to upland communities and monitored through action research. These methods seek to make the transaction costs for these activities competitive and involve the community in the decision-making process. The most appropriate means of institutionalizing a sustainable process of transfer payments was also

to be explored. A key element of the RUPES program was to identify sites that represented a broad social and ecological range. The information from these sites was subjected to a cross-site analysis to draw up a typology and classification for environmental services to capture the breadth and scope for these services in Asia.

During the first year (2002) of the RUPES program, three workshops (one regional and one each in Indonesia and the Philippines) were held to discuss the concept with the stakeholders. The site selection criteria were also established, along with an International Steering Committee (ISC).

In the second year (2003), the ISC and National Technical Committees (TEC) – later transformed into independent national networks in Indonesia (COMMITTEES) and the Philippines (PES TEC) facilitated by RUPES – put a great effort into site selection, partnership building, and more effective communication. The initial 50 candidate sites were narrowed to five RUPES-funded action research sites (with a sixth added in 2004) and another six 'associate' or 'learning' sites but limited financial involvement.

In the third year (2004), activities began in the action research sites to reward the upland poor for their environmental services. Achievements included raising grass-roots level awareness about the RUPES concept, and building strong local institutions and multi-stakeholder networks, including the sites' technical working/advisory groups. The fourth year (2005) marked two full years of engagement for two action research sites (Kalahan in the Philippines and Kulekhani in Nepal). Four sites (Sumberjaya, Singkarak Lake and Bungo in Indonesia and Bakun in the Philippines) have completed one full year. In November 2005, the ISC approved extending the RUPES Singkarak contract by another 18 months until the beginning of 2007. At the RUPES sites in 2005, work was undertaken on social mobilization and in identifying the needs of environmental service providers. NGO's/Indigenous people and experts reported in various studies that social capital, in various degrees, already existed at the RUPES sites, reflecting either an ingrained culture or previous facilitation from other projects. Despite local institutions being strong enough, better awareness of the RUPES project was necessary to avoid misunderstanding and too-high expectations from the local communities.

## 4 Study Methodology

The database for this study comprises the following:

1. Desk review of the annual reports of the RUPES project
2. Working papers, and other dissemination materials made available by the RUPES office
3. Interviews conducted with a set of informed and willing respondents
4. Personal in-depth interactions of the researcher with informed individuals in confidence

While the first two sources of information are self-explanatory, I shall detail the other two.

Structured and semi-structured interviews were conducted with respondents. While some of these were conducted through face-to-face interactions, a few took place via e-mail. Wherever clarifications or follow-ups were deemed necessary, respondents who communicated their views by filling in a questionnaire and sending it through e-mail were subsequently re-contacted through either e-mail or personal interaction.

The structured interviews were administered through a questionnaire comprising 10 main sections, each dealing with a particular aspect relevant to the study. Each section had on average two sub-parts. The questionnaire is attached in Annexure 2. The semi-structured interviews were based on a checklist of issues that were essentially drawn from the ten aspects dwelt upon in the questionnaire. The questionnaire constituted the primary study instrument and was developed in consultation with experts at ICRAF. It was pre-tested on two respondents at the ICRAF office in Bogor.

The interviews and administration of the structured questionnaire took place over a 4-month period, from October 2006 till January 2007. The personal interviews took place in two phases, first at Bogor, Indonesia and later during the Global Workshop of Payment for Environmental Services held at Mataram, Lombok. It may be noted that each questionnaire that was administered through personal interaction took approximately 90-120 minutes.

The respondents selected for the interviews represented a judicious mix of teams associated with RUPES at various levels and other informed



aimed to consider the full project cycle at each of these levels. The questions that were framed for the respondents also followed the sequence in the project cycle as illustrated above<sup>1</sup>. For analytical purposes, the cycle starts with the initial framing based on the potential impacts that could be expected from the project. The inputs into the project, along with efforts made in capacity building and building of partnerships, would subsequently lead to the identification and execution of certain activities which lead to outputs for the project. In a sense this marks the completion of one stage of the project. Completion of the project cycle now involves a subsequent stage, which is determined by the way these outputs are translated into outcomes - depending on the uptake activities that take place. The ultimate impacts, in terms of the goals of the project, are expected to be seen at the conclusion of this stage of the cycle. The full project cycle is completed when the issues emerging from the cycle thus far are analyzed and used as inputs for beginning a fresh cycle. I discuss the scope of each of these analytical components in the following paragraphs.

#### **4.2 Framing & impact expectation**

The RUPES project was designed with the goal to develop new mechanisms for enhanced livelihood and resource security of poor upland communities in Asia. To this end, the measurable indicators of its targeted impacts would fall into two broad categories:

- Enhanced livelihoods in terms of better welfare (economic and non-economic) of households and communities managing environmental services in upland watersheds. This could, for instance, be reflected in increased income and food security, ensured security of access to land, etc.
- Greater resource security in terms of improved and safeguarded environmental values including hydrological/watershed functions, biodiversity/landscape, and carbon sequestration.

What must be probed here is the extent to which this framing of impact potentials was realistic in the context of one project cycle? One would also like to find out what are the changes in perceptions regarding the impact potential (if any), and what factors contributed to these changes.

#### **4.3 Inputs**

Ideally the RUPES project would not only add to the resource base in order to achieve its impact potentials, but also seek to complement/optimize existing resources. A host of resources can be considered as relevant inputs for achieving the goals of the project. For instance it could include an exploration of the extent to which (supportive/enabling) conditions at the community level have been optimized to support the RUPES site level activities. Community level factors (gender, social cohesion & community understanding, conflict resolution mechanisms, local institutions); human resources (skills, knowledge levels, practices); technical inputs (scientific, legal, economic & environmental); financial inputs; and complementarities with previous or ongoing projects at the sites were considered to be important. Since partners represent an important input, in terms of all the above-mentioned factors, the extent to which the RUPES program was able to work with current partners is also a key to understanding success.

#### **4.4 Partnership and capacity building**

Several capacity building initiatives were undertaken for the partnership. These include the initial Regional Workshop of RUPES in February 2002, a series of national workshops in Indonesia, the Philippines, Vietnam, Laos in 2002-2003 and a regional training workshop in Chiang Mai in 2003. Key issues to be examined include the following:

- Coverage of stakeholders
- Advisory inputs that were gained through work plans and writing workshops
- Sequencing of capacity building activity e.g. workshops, training
- Networking that was considered, e.g. communication strategies at the local level
- Flow of information, information systems

Another very important aspect was the formation of competent teams [ISC at the international level, national networks and technical advisory groups at the site level] for all the tasks in the project. Important issues include the matching of teams with tasks, interactions across different levels and within teams, gains from other tie-ups of RUPES with commitments and capabilities of ICRAF and other organizations.

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<sup>1</sup> Refer to Annexure 1

## 4.5 Activities

The RUPES project had detailed lists of activities which were intended to dovetail into each other and feed into work plans for subsequent years. The suitability of these activities - in terms of their scheduling, any delays and the reasons for such delays - would be crucial in their implications for achieving outputs.

## 4.6 Outputs

Achieving the planned outputs would mark the successful completion of one stage of the project cycle. It is important to understand whether outputs were achieved to the satisfaction of project managers at all levels. Any additional outputs that were generated need also to be duly recognized. If there are any delays or failures in achieving outputs, the reasons must carefully be examined.

The outputs would be listed in the annual reports. Additional outputs could include other studies, process documentations, website, media interaction, policy briefs, radio programs, manuals, research designs, conceptual frameworks and tools, videos, newsletters. These media which may emerge would be over and above what had been planned within the program.

## 4.7 Uptake

Uptake refers to activities and mechanisms which enhance adoption of the outputs from the project and even take these beyond the project circle. These help in translating outputs into outcomes. Thus, these could relate to any of the following:

- Adoption of scientific practices
- Interest in tools developed within RUPES
- Possibilities for further research – action research, PhD students
- Interest in environmental services (ES) from state and para-state organizations
- Drafting regulations for environmental services in Indonesia, for instance; TEC Indonesia to give CDM advice
- Promoting dialogue with investors in financing environmental conservation
- Policy advocacy by National Technical Committees
- Innovative forms of dissemination – stories, comics; local language translations of communication materials
- Co-organized workshops, wider dissemination

An important question that arises in this context is whether sufficient activities were undertaken to enhance uptake and ensure policy follow-through.

## 4.8 Outcome

These are linked to outputs through mechanisms such as policy follow-through. They have implications for impact and learning for wider replication. It is expected that for successful completion of the second stage of the project cycle, there will be evidence of outcomes from the RUPES project. This evidence is drawn from other actors, based on the RUPES outputs & efforts.

The related issue that arises is whether initial stakeholder analysis was sufficient to target key outcomes. Initial stakeholder analysis refers to all concerned stakeholders who could play a role in achieving outcomes. Outcomes will be influenced by the level of understanding about ES and its potential impact on enhancing livelihoods.

## 4.9 Impact

Impacts would tell us how outcomes have enhanced the livelihoods of the ultimate stakeholders and improved environmental conditions. The targets for the impacts are as specified in the initial framing of the impact potential. The key achievements at the end of the project cycle would be in terms of the indications of impacts. In this context it is worth noting that indications of impacts on poverty reduction can include any of the following:

- Reducing vulnerabilities related to nature, institutions, society or livelihoods
- Preserving cultural and ethical values
- Correcting power imbalances
- Reducing inequities
- Increasing access to credit, markets
- Increasing asset values and tenure security

## 4.10 Issues

The purpose of the analytical framework is to understand what would make the project cycle sustainable. It is very important, at the completion of the first project cycle, to analyze what have been the major internal processes that have contributed to the completion of the cycle. The internal processes are to be looked at in terms of two sets of issues; namely, the main challenges that had to be overcome and the key factors that contributed to the success of the project.

The main challenges could lie in adapting mechanisms to local conditions, making reward policies simple and easy to handle within community conflicts, etc. The key factors contributing to success may have their roots in economic, environmental or social reasons. They could range from: the role played by tools developed (e.g. RABA, RHA, FALLOW), Government policies on land-use, intensive site-selection exercises, effective interactions at various levels, resource sufficiency, ongoing processes of feedback from outside the project circle and revision of the framework to a host of other factors.

#### 4.11 Next steps

Alongside understanding key challenges and factors contributing to success, is the process of identifying and detailing the most important steps for moving into the next project cycle, or in other words, 'carrying the story forward'. This is the step which logically precedes the next phase of framing of impacts.

Typically, one would not like to limit the scope of the two components, issues and next steps, and rather provide as much space as possible for learnings on both these counts.

The literature presented in the project documents and the responses from the interviews has been analyzed, keeping in mind this analytical framework in Section 6. Wherever new domains have emerged in the analysis, these have also been noted and discussed.

## 5 Overview of Sites and Activities

RUPES (*Rewarding the Upland Poor for Environmental Services*) was formed through a funding partnership with the International Fund for Agricultural Development (IFAD), and has been coordinated by ICRAF's Southeast Asia Regional Program, based in Bogor, Indonesia. RUPES was initiated at a February 2002 regional workshop in Indonesia, with 61 participants from potential consortium partners in nine countries. With expertise provided by specially commissioned papers, working groups discussed the development of transfer payment mechanisms for environmental services. They agreed that a fundamental approach of RUPES would be to work in an action research mode. Other international organizations that are committed to the management of fragile ecosystems joined

IFAD and ICRAF to form an International Steering Committee. They included the Centre for International Forestry Research (CIFOR), Conservation International (CI), Winrock International, the International Institute for Environment and Development (IIED), International Union for Conservation of Nature (IUCN), Ford Foundation, the Nature Conservancy, World Wide Fund (WWF), and World Bank Institute.

### 5.1 RUPES sites and activities

After an intensive review of 50 candidate areas, 'action research sites' were initiated in the Ikalahan Ancestral Domain and Bakun, Philippines; in Kulekhani, Nepal; in Bungo, Sumberjaya; and the Singkarak Lake watershed in Indonesia. Six learning sites were identified in Indonesia, the Philippines, and southwestern China. They had been sharing information and exchanging experiences. Vietnam and China had conducted studies, including surveys of RUPES-related research, and opportunities and constraints for RUPES projects. Sri Lanka and Laos have also been exploring RUPES' involvement.

The activities in the second year of the project were focused largely on the final selection of a core set of RUPES testing sites and formulating the work plans for the action research. The initial scan for sites in the first year of the project identified well over 50 initial RUPES sites. All of the proponents from these potential RUPES sites were encouraged to submit a more detailed set of data and information in order to judge whether they were in fact, in a position to test rewards or reward mechanisms (e.g. all the basic elements of environmental service payments were present at the site – data that would confirm environmental services; buyers and sellers of the environmental services; rewards or potential rewards in place). These sites had already been screened against the criteria established in the first year of the project<sup>2</sup>.

In response to the feedback from the ISC and initial completed questionnaires, it became obvious that the questionnaires needed to be refined in order to better capture the required information. The language and format also had to

<sup>2</sup> Briefly these were as follows: (i) insurmountable policy and political barriers; (ii) insufficient institutional framework or potential; (iii) insufficient community empowerment, capacity or potential; (iv) lack of market opportunity (excessive opportunity costs); and (v) size of area too large and complexity of stakeholders prohibitively high.

be altered in such a way that would facilitate completion by non-technical groups such as local NGOs and community groups. The questionnaire was duly refined (with input from the ISC members) and distributed for completion to initially identified sites, as well as IFAD-funded sites and sites identified through solicitation of ISC members. Through a series of interactions, meetings and discussions, a more formal indication of probable sites was gained. The completion of 31 in-depth, comprehensive questionnaires assisted in this regard. Each of those who completed questionnaires was then invited to submit a proposal in a prescribed format.

Meetings were held in the Philippines and in Indonesia with the national Technical Committees to obtain their input to the package of information provided to the prospective proposal proponents. The package consisted of information and guidelines for the RUPES project, and a comprehensive set of instructions on proposal submission and format. Subsequent meetings were held for the 17 proposals and with the comments and feedbacks obtained, the International Steering Committee assessed the final proposals. Finally, five sites were proposed, along with their proposed work plans. These sites would fully absorb the funds set aside from the IFAD project for Action Research over the next two years of the project. The RUPES Project Management took actions to include additional sites.

In the Kalahan (Philippines), the Ikalahan Ancestral Domain, including the Kalahan Reserve, totals approximately 58,000 hectares of mountain lands. About 20,000 people live within the Ancestral Domain, of whom at least 90% belong to the Ikalahan tribe and another 5% belong to other indigenous tribes, primarily the Ifugao, Ibaloy and Kankanai. Many of these are intermarried with Ikalahan. Less than 5% are Ilocano and Tagalog. The Reserve has been under the legal control of the Ikalahan community, represented by its people's organization, the Kalahan Educational Foundation, Inc. (KEF), since 1974. The Ancestral Domain Claims were approved by 1999. Much work has already been done in improving the livelihoods of the Ikalahan, including a food processing business (from forest products), organic fruit and vegetable production, as well as mushroom and orchid production. Plans have been underway for the manufacture of high quality furniture under the Forest Improvement Technology Program. As a result of RUPES, the

KEF planned to use the environmental service rewards to emphasize entrepreneurship (adding it to the syllabus in the school) providing stable support and work funds, strengthen the Food Processing Center and carpentry, electronics, cement masonry, organic vegetable production, etc. that was being taught in Kalahan Academy. Expansion of the orchards and lumber production was also planned. The other activities of this site included efforts in improving wildlife habitat as part of conservation activities. The project included the mapping and posting of all sanctuary areas and providing community education regarding conservation of biodiversity. The project site has also tried to quantify their environmental services by keeping records of tree growth in their area for a period of twelve years.

The Kulekhani (Nepal) watershed had a total population of 43,003 in 2001. The majority of the inhabitants of this watershed are disadvantaged ethnic groups and low caste people (Dalits). The incidence of poverty in Kulekhani Watershed is higher than the national average. There have been 68 community forestry users' groups, 8 non-timber forest products groups, 67 income generation groups, and 7 cooperatives in this watershed. There have also been youth groups and women groups. Tamang people, major inhabitants of this watershed, have been among the poorest groups of population but well known in Nepal for their group solidarity. There is a high level of social capital. Winrock (the site key proponent) worked with the RUPES project to focus on providing greater access for the poor to assets (natural, physical, financial, human, and social), so that greater income stability, risk buffering and the local people's ability to participate in local decisions could occur. It identified and built upon the strategies that households had pursued in order to protect and sustain their livelihoods. Other activities of the RUPES project in this area included finding alternative mechanisms of reward transfer. The District Development Authority of Makwanpur paying a part of their hydroelectric royalty obtained from the central government to the upland community. Strategies to empower the local community included building the Kulekhani watershed and a development forum. The communities participated in this forum to shape their future, by managing the royalties given to them and also managing the watershed.

In Bungo (Indonesia), the foremost beneficiaries of the action research were poor farmers who make a living from jungle rubber agroforests,

while indirectly conserving biodiversity through their farming system. In this site, the RUPES scientists have successfully shown that jungle rubber has a richness and diversity similar to natural forests. Together with these scientists, the farmers have decided against converting their fields into monoculture plantations, as they have identified the other benefits of jungle rubber like fruits, wood, medicines and fibers. The farmers have also apprehended that the installation of jungle rubber has helped them to get clean water to generate electricity. Productivity of the managed land has increased, with help of clones and seedlings that out-produce the current clones by three times the present level.

At Sumberjaya (South Sumatra), a preliminary assessment had been done that identified environmental services with current and potential beneficiaries and sellers at increasing scales. The action research site proposal confirmed that Sumberjaya is a site where watershed functions play an important role. It was also clear that not all services had straightforward providers and beneficiaries. In the work plans prepared for the sites, activities in the first stage of the action research incorporated meetings with stakeholders, including the providers. The plans used a variety of participatory approaches, involving the upland communities, to determine their needs and perceptions on appropriate rewards and reward systems. In this site, research has found that multistory coffee gardens act to control sediment, just like the forests do. This research has helped upland community members draw the attention of government officials, leading to meaningful negotiations. The community members also learned to monitor and control the local sources of sediments in their streams and also to take action.

The beginning of the Bakun- RUPES site was an opportunity to test whether negotiated payments for environmental services can reduce poverty among traditional people whose protection of environmental functions have economically disadvantaged them. The Bakun site offered opportunities to learn preconditions for the indigenous peoples to make decisions and negotiate for outcomes in ancestral lands. As a result of the work of RUPES at Bakun, the community has started to appreciate the value of trees, biodiversity and the relevance of sustainable soil and water conservation practices - for themselves as well as for downstream users. An integrated watershed management program was seen as vital in securing the real 'buy in' from the

hydropower company, based on realistic and conditional agreements.

The RUPES-Singkarak team set out to make the hydropower royalty money flow to the upland communities; to clarify the link between land use and environmental services, and to facilitate the emergence of an appropriate institutional set-up for managing land use. The new focus on lake quality and the linkage of land use decisions in the two districts that control the lake led to an effort to institute a new forum of all the lakeshore Nagaris. All local stakeholders have now come to the table to participate in developing the future of Singkarak. The RUPES work also resulted in the evolution of national reforestation, from a top-down planning mode towards more flexible mechanisms that invite community proposals for support, including those for 'protective gardens' or mixed agroforestry systems. RUPES Singkarak also yielded more experience on the voluntary carbon market with forms of reforestation aligned with local interests and decision-making.

In the third year (2004) of the RUPES Program, two of the action research sites (Kalahan in the Philippines and Kulekhani in Nepal) had completed one full year of engagement with the RUPES project. Three sites (Sumberjaya, Singkarak Lake and Bungo) started their partnership with RUPES in 2004. The sixth site was approved by the ISC in late 2003 and subsequent refinement of their working plan (at the request of the ISC) meant that they started working with RUPES in late 2004.

## 5.2 Capacity building

Three of the RUPES sites have spent the past year working on social mobilization and in identifying the needs of those considered the 'providers' of the environmental services. At Singkarak Lake (Indonesia) the focus had been on understanding the culture or '*adat*' system, in order to better define the institutional mechanisms that would be suitable for the community (Annual report 2004). At the Kulekhani site in Nepal an assessment of the political/socio-economic/ecological context and the existing new information on the implementation of transfer payment mechanisms was undertaken. . These assessments have enabled potential sellers and the buyers of environmental services (the Nepal Electricity Authority - NEA), to become more aware of the generation of environment services and the beneficiaries of these varying service types. As a result of the Kulekhani watershed, community

members formed an ad hoc group to represent the interests of various community forest users' groups and other community-based organizations in the watershed. They have undertaken internal discussions on the appropriate rewards and reward mechanisms that they have considered, once the environmental transfer agreements had been further clarified. At the Sumberjaya site, socioeconomic baseline data collected from surveys and rapid rural appraisal was compiled to give recommendations in implementing rewards for environmental services. In 2004, the direction of the RUPES project was to examine how the providers of the environmental services could interact more constructively with the 'buyers' in taking next steps in developing environmental transfer agreements. Each action research site has a different story as to how the buyers interacted with the providers of the environmental service. It ranged from relatively close interaction in Nepal, where funds were directly attributed to the provision of environmental services; to Singkarak Lake where a complex set of government regulations at the level of environmental protection was expected from all stakeholders and where the buyer's (in this case the hydroelectric company) Community Development Program had no clear links to the providers of the environmental service.

Although carbon sequestration remained the most clearly defined 'payment for an environmental service', it was problematic in terms of allowing small stakeholders to participate effectively. However, the procedures and modalities were under constant review and it was implemented to ensure the participation of small stakeholders, thereby emphasizing the sustainability goal. It had been recommended in a 2004 study (supported by RUPES) that for small stakeholders to engage in CDM projects robust grassroots institutions must be created among smaller communities where they do not currently exist. Additional research was done in order to scale-up the experiences of smaller communities practicing agroforestry, in order to reduce the costs of collecting baseline data, estimating and creating simple procedures for monitoring carbon sequestration and fulfilling sustainability goals. In addition, the work addressed the need for capacity enhancement for local and national institutions to deal with CDM projects.

Input from the RUPES International Steering Committee and the funding from the Netherlands (SII) enabled a nine-day training and orientation workshop for invited participants on 17-25

September in Chiang Mai, Thailand. This included, but was not limited to, site personnel at RUPES action research sites who could influence decisions on their site project. Participants were invited to share their experiences and add to their knowledge on environmental transfer payments.

This training workshop targeted participants who would transfer the knowledge gained within their local, regional and national contexts – e.g. 'Training of Trainers'. Invitations to this fully-funded workshop were extended to all proponents of potential RUPES sites, members of the RUPES Technical Committees in the Philippines and Indonesia, participants of the Chinese RUPES "kick off" workshop, and others interested in the topic who responded to the notice on the RUPES website and newsletter. The workshop was a combination of lectures, case studies, discussion groups, role-playing (environmental services game), and group/individual work. Resource persons came from ICRAF (Bogor, China, and Thailand offices) and IIED.

The RUPES sites in 2005 have worked on social mobilization and in identifying the needs of environmental service providers. Experts (from NGOs and Indigenous Peoples) reported in various studies that social capital, in various degrees, already existed at the RUPES sites, reflecting either an ingrained culture or previous facilitation from other projects. Local institutions had been strong enough, but better awareness of the RUPES project was still urgently needed to avoid misunderstandings and excessive expectations from the local communities. Notwithstanding Nepal's unstable political situation, the RUPES Kulekhani team used creative means to continue facilitating the upland community organization, such as a bi-weekly radio program prepared by the community. Cross-visits took place within RUPES sites and to other successful RUPES sites, giving teams the chance to learn more about the technical and institutional aspects. Five of the six RUPES sites were engaged in watershed protection, with the ES primarily 'bought' by state or parastatal organizations. The sites confirmed that potential buyers understood the goodwill of the RUPES project and comprehended that the rewards mechanism for environmental services did not mean merely begging for extra money from the companies. In Sumberjaya, RUPES successfully assisted farmer groups to apply for land security rights under community forestry programs. Research studies

have noted that farmers perceive tenure as a reward with higher asset values, more institutional transparency and accountability, poverty alleviation and better environmental awareness. In Bungo, a community forum and a multi-stakeholder technical working group were established, with regular meetings in the district capital. The local government indicated its intention to protect jungle rubber and improve public services for the communities. The Bungo team also disseminated project information to the community and other stakeholders. In 2006, RUPES continued facilitating interaction between site leaders and potential buyers for carbon sequestration at its Kalahan and Singkarak sites. Work on a conceptual framework for economic and environmental valuations for environmental goods and services started in 2004 and were completed in 2005. The framework focused particularly on policies suitable for field sites in Southeast Asia. Importantly, economic valuations were not considered an end in themselves. Rather, they were considered a tool for providing useful information and recommendations for decision-making and justifying payment for environmental services (PES) schemes to support ecosystem conservation and sustainable use.

### 5.3 National level activities

The RUPES national technical committees formed in the Philippines and Indonesia continued to strengthen and engage in the RUPES project through meetings, advocacy and site proposal reviews. In addition, as a result of RUPES “kick off” meetings in southern China (Yunnan province), Sri Lanka and Laos there have been resolutions to form technical committees in each of these three countries. The RUPES ISC, at their annual meeting in May 2003, commented on and supported a Resource Mobilization Strategy prepared for the RUPES project. Capturing resources for the RUPES project focused on two streams – fund raising and knowledge sharing. The fundraising activities included 15 proposals and concept notes, submitted through ICRAF/RUPES or with partners.

Early in 2003, a communication strategy was developed in conjunction with advice from the RUPES International Steering Committee, and from this a work plan was developed and implemented. One of the tasks arising from the communication plan was to revise and update the RUPES website. This has been achieved and the site is now systematically updated with latest information of the RUPES project as well as

establishing links with other consortium partners’ websites. Proposals were approved for awareness-raising workshops at various levels in the Philippines, China and India, through assistance from the ICRAF/SSI project funding. The proposal was initiated by the participants to the RUPES regional training workshop held in Chiang Mai, Thailand.

### 5.4 Partnerships and international networking

The RUPES project team held a number of international meetings/conferences in 2003. New partnerships evolved over 2003, with the development of the CGIAR Systemwide Program on Collective Action and Property Rights (CAPRI) and the CGIAR Rainforest Challenge Program. These initiatives were keen to be involved with RUPES and this feeling was reciprocated. The activities over the past year have been to consolidate partnerships and ensure communication links were strong and effective. As a result, three of the RUPES ISC members have been actively engaged in the RUPES project (IIED – training workshop; IUCN – kick off workshops in Laos, Sri Lanka and Winrock: World Forestry Congress and action research site in Nepal).

At the national level, the RUPES Technical Committees in Indonesia and the Philippines have met twice in 2003 (May and July and March and December, respectively). In addition, there have been ‘mini’ meetings between RUPES project staff and the Chairs of the Technical Committees on several occasions throughout the year. These have been valuable in strengthening the partnership and communication links. In 2003, the beneficiaries (buyers) or potential beneficiaries for each site were identified. In brief, five out of the six RUPES sites were engaged in watershed protection and the services were primarily being ‘bought’ by state or parastatal organizations.

The components, activities and tasks planned for implementation during the years 2003, 2004 and 2005 are detailed in the annual reports. The 5 main components can be briefly summarized as follows:

- Identification of environmental service functions in various settings, and assessment of where and how their benefits were distributed.
- Development and testing of mechanisms to reward the poor for the environmental

services they provide in three to four sites across a range of settings.

- To support a transparent, enabling, institutional environment at local, regional and national levels and to deliver rewards that are effective, equitable, and sensitive to marginalized groups.
- Raising awareness among government officials, and ES producers and consumers of the potential for rewards to enhance environmental services.
- Development and management of effective partnerships among consortium member institutions and regional, national and local organizations.

In 2004, the RUPES project focused on gaining more information on benefit sharing applicable to the Asian and Southeast Asian contexts. Through RUPES involvement, two groups who participated in RUPES training in 2003 were successful in obtaining small grants from SII (Netherlands) to replicate the RUPES concept. This resulted in the development of seven case studies from China – three on different aspects of pro-poor environmental transfer mechanisms and four studies of the existing mechanisms. The group from India took it upon themselves to raise awareness about the RUPES concept at three levels – grassroots (Great Himalayan Park Conservation Area), state (focus on the mountain state of Himachal Pradesh) and national levels.

A key output in 2004 was to inform the policy debate regarding pro-poor environmental transfer mechanisms. At the TEC level in Indonesia, the members advanced interactions with national institutions and policymakers (in terms of policy advocacy) by inviting them to meetings. The TEC has also been instrumental in providing advice to the Indonesian government in the ratification of the Kyoto Protocol, as well as the inputs to establish the structure of Indonesian Designated National Authority (DNA) and have continued to be involved in aspects of implementation. BAPPENAS is the key planning department within the Indonesian Government, and it has previously been a regular and active participant in the RUPES Technical Committee.

In 2004 the study on “Rewards for Environmental Services in the Philippines Uplands: Constraints and Opportunities for Institutional Reform” was planned, commissioned and completed. In brief, this study recommended that the following agenda could address identified policy gaps (at the implementation level) and institutional constraints

on rewarding upland poor in the Philippines for their environmental services. It promoted (a) policy enhancement and reappraisal of the requisites of commons management and benefit sharing; (b) capacity and capability building in ES negotiation, valuation, and protection; and (c) research and advocacy on ES management and benefit sharing.

Members of the RUPES International Steering Committee provided valuable inputs throughout the year, reflecting the stakeholder network’s strong partnership approach. The ISC discussed the scope and purpose of an international workshop when the RUPES project ended; the opportunities for funding new activities; the function and form of the next ISC meeting; and ideas for RUPES in Africa. The committee agreed that there should be a RUPES Phase II, with stronger emphasis on the project’s learning components and achievements and with more sites and partners. The potential to develop a fully-fledged program was considered, given the RUPES ‘brand value’.

In 2004, RUPES project staff and representatives participated in 22 meetings (excluding internal RUPES project meetings and including the Katoomba Group Meeting) and gave 35 presentations at various conferences (international and domestic). This has expanded and deepened knowledge of the RUPES project and the role of environmental service rewards in alleviating poverty. To ensure a wide yet targeted network, the membership of the RUPES International Steering Committee expanded to include the World Bank Initiative in 2004. The other invitation - for Forest Trends to join - was declined, but the link between them and RUPES had strengthened over the year with RUPES participating in the Forest Trends’ Global Synthesis Workshop: “Ecosystems for Sale in an Unequal World”, at the IUCN World Conservation Congress and the International Ecoagriculture Conference and Practitioners’ Fair held in Nairobi September 27-October 1, 2004. RUPES had also been an advocate for Forest Trends’ “Ecosystem Marketplace”, promoting it on the RUPES website and newsletter. As part of the ISC discussions in 2003, it was noted that if the partners were jointly engaged in RUPES activities it would result in more effective partnerships. This started in 2003, and by 2004 the relationships with several of the ISC members had strengthened and deepened considerably. Conservation International took over as Chair of the ISC in 2004.

Additional funds for RUPES were sought over the year. The RUPES project staff wrote or jointly contributed to nine proposals and concept notes in 2004 to support the project. Almost half of these have been successful in capturing additional funds, with three still pending and two unsuccessful.

## 5.5 Research and dissemination

RUPES developed a variety of tools in 2004, including a Rapid Hydrological Assessment (RHA) and Rapid Agrobiodiversity Assessment (RABA). In the case of the former, this assessment technique had been tested at two of the RUPES sites, (Singkarak Lake and Bakun) and guidelines formulated. The RABA tool, with the support of FAO, has been discussed and deliberated on by a wide range of stakeholders and had been a part of the discussions at the site level (Bungo) as well as at the international level (IUCN World Conservation Forum). The approach was outlined in the RABA toolkit and was tested as part of the activities at the RUPES site in Bungo in a 'learning by doing' mode.

The RUPES team implemented a comprehensive communication plan in 2004 that covered both print and electronic media. The RUPES website was updated and expanded with an explicit policy to keep the website current with news and announcements, posted on a monthly basis throughout the year. Printed materials included two issues of the now-established RUPES newsletter, with a distribution of over 400 copies. In addition, RUPES produced a booklet outlining the project and project sites written in a popular style for the benefit of non-technical audiences. This booklet was translated into Vietnamese, with copies going to policy makers and relevant stakeholders active in raising the profile of pro-poor environmental service payments in that country. A total of 10 working papers were produced (three in Bahasa) in addition to posters, pamphlets and extension materials. A catalogue of RUPES publications was developed and posted on the website and a CD prepared with a collection of materials from RUPES meetings and workshops.

A study reviewing the potential for environmental services markets in Indonesia was finalized, complementing earlier case studies for Sri Lanka, the Philippines and Vietnam on benefit sharing in an Asian context.

Regionally, experiences varied widely in applying the RUPES environmental service typology across the action and learning sites. RUPES had a high potential to facilitate the adaptive learning process for its learning sites with tools developed for marketable environmental services. Conversely, RUPES learnt from the rich experiences of partners at the learning sites; these are now available on RUPES website.

The RABA and RHA were refined, tested and finalized in 2004. Both tools were proven to articulate knowledge, experience and perceptions of environmental functions among local people, local institutions, government and scientists negotiating PES schemes. Training for partners in using both tools started in 2005 and continued in 2006, while international presentations had confirmed the tools as global public goods.

In 2005, the RUPES project team started to share its experiences internationally and contribute to better articulation and understanding on emerging PES issues, especially on poverty and community-based schemes. Two presentations were made at meetings organized by the UN agencies, highlighting how the RUPES project has been recognized for achieving the objectives in Multilateral Environmental Agreements and the Millennium Development Goals.

Conceptually, the RUPES project presented 20 'aspects' suggesting that rewarding the upland poor for environmental services can be viewed from ecological, economic, social, management and political perspectives. All aspects could co-exist and reveal insights into the core element, yet none is the full and only truth.

Two national workshops were held in Indonesia and the Philippines, jointly organized by the technical communities and other donor institutions in the two countries. The proceedings can be downloaded from the RUPES website. In the Philippines, a brief impact assessment revealed that the workshop increased the knowledge of and interest in PES activities. These workshops led to two independent national networks on rewards for environmental services. A brochure on the Indonesian network had also been disseminated. The RUPES project facilitated both networks, hand-in-hand with other partner institutions. More learning sites have joined the RUPES project with various levels of involvement ranging from sharing information to implementing joint activities. The number of learning sites has doubled since 2002.

The RUPES project has been recognised as an important resource for informing the policy debate regarding pro-poor environmental transfer mechanisms. RUPES had received requests to contribute to revising and developing policies and regulations on environmental services and benefit-sharing schemes.

The RUPES team was involved in drafting regulations for forest environmental services in Indonesia. In 2005, the RUPES project was involved in developing criteria for sites in Indonesia that may be eligible for the Kyoto Protocol. Similarly, in the Philippines, RUPES had reviewed the policy and institutional framework, but focused primarily on forest ecosystems. The review included some government acts and executive orders, and the proposed revised guidelines for prospective biological and genetic resources. The results were disseminated widely through oral presentations at site and national levels, as well as being posted on the RUPES website.

Internationally, the RUPES project made some recommendations on the roles of public and private investors in financing environmental conservation as a basis for dialogue on environment and sustainable development issues among Asia-Europe Meeting (ASEM) countries. It was recommended that Europe and Asia share experiences and that this should be promoted. Finally, communication between the business community and environmental practitioners was improved, in order to stimulate discussion on innovative, non-conventional financing approaches.

Communication materials were produced to cater to all audiences, including: working papers, research notes, rapid appraisal tools, newsletter, workshop proceedings, translated documents, publication catalogue and posters, as well as electronic media including CD's and website updates.

Twenty-two items were produced in 2005, in addition to materials published and disseminated by the RUPES action research site teams. New links, sections and pages were added to the website, while the download summary recorded an increase in website visitors. The RUPES team participated actively in local, national and international forums, with project staff or representatives attending 34 meetings and workshops and making 38 presentations. These activities helped to expand and deepen

institutional knowledge about the RUPES project and the role of environmental service rewards in alleviating poverty.

The ISC also developed protocols for monitoring the emerging experience in action and learning sites. A list was produced to recognize similarities among sites, facilitate cross learning, and identify lessons and generalizations. As for the end-of-project regional workshop, the ISC members suggested that they should promote findings from ES reward schemes; bring interested parties into the fold; identify individual champions; build networking; influence potential buyers; and offer donors a chance to see how a PES scheme would fit into their own programs. The committee elected Mikkel Kallesoe from IUCN and Ed Tongson from WWF Philippines as 'twin' chairs for 2005-2006. In general, the meeting reviewed all ideas and initiatives that have made RUPES a success story through networking sites, active policy links and reaching new audiences.

Additional funds were sought over the year. The RUPES project staff wrote or jointly contributed to nine proposals and concept notes with the ISC organizations (CI, CIFOR, IIED, and IUCN) and national networks. Almost half were successful, with three still pending and two unsuccessful.

## 6 Analysis

In Section 4 above, the major domains for the analysis had been identified through the analytical framework. This section analyses the interviews, secondary materials and interactions with expert individuals engaged with RUPES in varying capacities. The discussion in the following paragraphs is based on these sources of information and follows the analytical framework developed in the earlier part of this report.

### 6.1 Framing & impact expectation

It is clear that the understanding of the impact potential has changed during the project period. It has become increasingly clear, as RUPES has progressed, that actually developing PES schemes takes more time than was initially anticipated. Therefore, actually measuring the impacts of these schemes, through developed monitoring frameworks is yet to be undertaken. On the positive side, RUPES now should have a more realistic picture of what is achievable within the project's lifetime.

It is fairly obvious that the degree of impact is different in the three locations in Indonesia. Respondents feel that since the type of environmental service (ES) differs, the most easily understood one gives the best impacts. The eye-catching impacts are at Sumberjaya, where the rewards were in the form of tenurial security (Box 1). The level of understanding regarding biodiversity conservation (BD) and carbon sequestration (CS) services has not improved much. In other words, where the links between the biophysical and the people are clear, preferably observable, and can be monitored - the program is most likely to succeed. This occurs to the extent that some respondents do not feel confident about RUPES making much of an impact in Jambi with regard to biodiversity services.

At Bungo, it is felt that a move away from focusing only on biodiversity will be beneficial in terms of convincing local communities about the program. There is a need for at least some other mechanisms or additional activities which would be undertaken simultaneously, and have more obvious links with livelihoods, for example: water related services. It was felt that at Bungo, the community possesses substantial local wisdom on how to protect biodiversity in jungle rubber. The reason for poverty is because land management here is very traditional. There are losses from jungle rubber as compared to monoculture. Although monoculture cannot give other agroforestry-related products like fruits or medicines, the returns are not enough from jungle rubber for locals. There are various views among the people who do not want to convert to monoculture. These are primarily based on traditions. However, there is another set who wish to convert and achieve better economic conditions by doing so. In Singkarak too there is an effort to make CS more concrete by linking it with watershed services.

There have been different terms of engagement with RUPES in terms of initial conditions, researchers' abilities and availability of financial resources. As a result, most sites may not have addressed both goals in the manner originally conceived. Another key issue that has been raised by some respondents is whether the sites that were chosen were appropriate choices for addressing the poverty reduction goal. Was there, for instance, a need to first do poverty mapping for the sites? ICRAF provided sites that were convenient to select for the pre-existing scientific knowledge that they had, but these may not have been most suited for addressing poverty

concerns. However, for some of the sites, the original impact potential was realistic. Kalahan for instance, had the prior benefit of thirty years of community experience.

Overall, the lessons learnt after three years show that the poverty aspect is difficult to address through a simple PES-based reward mechanism. For instance, it is time consuming to put functional mechanisms in place, whereby locals can get money from the taxes paid by the hydropower company to the government. Rather, the local government may make some direct and voluntary payments that benefit the community (for example scholarships). These maybe more readily perceived as benefits. Respondents in this study have had mixed responses as to whether RUPES should make a recommendation that money be given directly to local leaders directly and not through government officials.

Certain site level respondents have maintained the same level of understanding of the long term impact of RUPES. Looking back, however, there is a realization that short-term and long-term impacts must be distinguished. In the short-term, RUPES' main impacts are expected to be seen in building awareness of PES, building capacity to understand and implement PES mechanisms, and developing reward transfer mechanisms.

There is substantial evidence of the importance of awareness and capacity building across stakeholders at the site level. The potential long-term impact on poverty alleviation and environmental services depends on these initial awareness creation exercises and local political support. As one respondent put it, *"it was because of RUPES that IFAD started considering the non-economic sense of awards, as distinct from a focus only on payments."*

*"Rupes has had major impacts on the thinking about environmental decline among people staying in the RUPES areas. There are conversations today among people regarding maintenance of watersheds."*  
(RUPES Resource Person)

At the beginning of the project, RUPES focused more on how to use ES to reach the poorest of the poor as the providers of ES. Subsequently there was a shift and the project focused more on pro-poor mechanisms and how to avoid PUPES, namely 'punishing upland poor for ES'. Many NGOs and institutions are today engaged in PES-related activities and are keen on extrapolating from RUPES experiences and learning. This is a

major impact that was not foreseen earlier, and for which RUPES must be given credit for. It seems to be an impact worthy of note in its own merit.

RUPES was also initially seen as an intermediary to facilitate transactions and build agreements between sellers and buyers. However, there has been a subsequent realization that there were many other things to be considered in developing (and even introducing) the new mechanisms in developing Asian countries. As a consequence, RUPES is now actively involved in using research to find answers to new issues. This, in turn, is highly appreciated by RUPES' partners in Asia. All these factors have contributed in making RUPES an important source of information on PES.

its impact potential. The views on potential impact have been affected by the fact that neither transfers nor rewards have taken place at most RUPES sites within designated timeframes.

A clear recommendation that emerges is that the framing of the potential impacts of RUPES should not only include the local level, but also take note of its impact potential at the national/policy level. Policy dialogue at different levels, from site level to provincial level and national level, has influenced the understanding of the potential impact. Similarly, processes of negotiation (for instance with the electricity company - which is considered to be the major source of long-term rewards at Sumberjaya) have influenced the understanding of the impact potential.

#### **Box 1 : Sumberjaya evidence on the impact of awareness creation**

There is increasing political support from the local government to reward initiatives which lead to better watershed functions and enhance farmer's livelihoods in Sumberjaya. RUPES has convinced the local government to scale the conditional land tenure (HKM) scheme and farmers have received community forestry permits. With 70% of the protection forest now covered by conditional land use permits, measurable improvements in watershed functions are expected to be seen at Sumberjaya. The permits indicate that Indonesian officials acknowledge that properly practiced agroforestry can provide the same water conservation benefits as planting conventional forests. If the farmers contribute to watershed health by using good coffee management practices and protecting the remaining areas of natural forest, they will retain the right to use the land for their livelihoods.

## **6.2 Reasons for shifts in impact potential**

The RUPES program is one of action research, which comprises a large element of learning by doing. Therefore, the more realistic view - which RUPES seems to have adopted - regarding the impacts it can have, have been largely driven by a better understanding of the prerequisites and complexities involved when designing PES. There are practical difficulties in converting the value of all ES into material (monetary) terms.

The degree to which the environmental service can be adapted to local needs has influenced the impact potential<sup>3</sup>. The extent of awareness and knowledge creation about ES is very important. In this regard, carbon sequestration is perhaps the most difficult, in terms of convincing people about

The potential impact has been revised, based upon the realization that PES transactions can only be developed in a very short time in countries with supportive policies. The site mechanisms are still very new. This has led to recognition of other needs, such as supportive research for developing operational PES schemes.

Interactions with other groups (prior ongoing initiatives and amongst different RUPES sites) have helped in shaping the understanding of what would be the impact at a particular site.

## **6.3 Inputs**

Overall, the RUPES project did very well in optimally utilizing the existing resources at all the sites. It also did substantial value-addition to ongoing initiatives at the sites. A number of the RUPES sites have piggy-backed on other ongoing initiatives, which has strengthened both these initiatives as well as added value to RUPES. For instance, the joint partnership with WWF in

<sup>3</sup> According to one respondent, the impact potential of the prospective ADB initiative in afforestation is positive, as it is well-adapted to the local needs in Indonesia

Philippines was a useful one. Similarly in Nepal, findings from an ongoing action research on benefit-sharing from hydropower development became the basis for the RUPES program and the RUPES program, in a sense, complemented this work. The complementarity with previous/ ongoing projects (ICRAF) has been very good. Many ICRAF projects provided good support for the development of the RUPES project. However, there is still potential for further linking, such as to the Tree and Market field as suggested by one respondent. In Bungo, for example, the earlier ICRAF project provided the finding that jungle rubber can be the key to a biodiversity conservation project.

In terms of specific inputs, the following are the major findings. At the beginning of the project, a large proportion of the RUPES funds were spent on project management and coordination. However, this gradually changed and RUPES has to a larger extent been able to redirect funds towards more field-level activities, and subcontracting of partners to undertake short-term consultancies and studies. However, as no funds were earmarked for partners per se, the actual involvement of many partner institutions has remained rather limited.

At the community level RUPES enhanced bonding and social capital within the community in various ways. It contributed by empowering local forestry officers and NGO's. The RUPES site teams were very successful in developing good relations, building trust and publicizing the RUPES concept at the community level. Local institutions have gradually been established and are now in the middle of building more stable foundations.

RUPES adopted scientific technology in a simplified manner that could be used by the local community. It trained farmers on nursery techniques and improved the skills of

collaborators in preparing and implementing participatory mapping and in writing proposals.

This has resulted in the RUPES program becoming well-known as a reliable source for obtaining technical inputs for similar projects in PES. Therefore, it has to maintain its status and even enhance its role in this field. More attention should be paid to managing the project knowledge and disseminating the results.

The RUPES project demonstrated the benefits of complementarity across previously undertaken and ongoing projects. In Sumberjaya for instance, the BASIS Project "Property Right, Environmental Services and Poverty in Indonesia"; EEPSEA and BASIS Project "The willingness to accept Payment for Environmental Services"; ACIAR Project "The impact of changing agroforestry mosaics on catchment water yield and quality in Southeast Asia"; and Bruno Verbist's PhD project "Development of a negotiation support model for watershed management in an agroforestry landscape mosaic in Sumberjaya, Indonesia" - all contributed in achieving the RUPES targets.

In Bungo, RUPES educated people about the biodiversity conservation value of jungle rubber. The creativity of people in thinking about their own resources (land) has improved – for instance that land can be used for much more than only monoculture through micro hydro projects, and adopting the inter-planting method for better quality rubber. The Kalahan site differs in that, since it did not have any prior dealings with ICRAF. However, social capital in the community was very high from before RUPES inception.

RUPES gave funds to some officials to attend workshops. It also made presentations in the offices. These were important ways of ensuring engagement with the government.

### **Box 2 : Respondent speaking on Kalahan**

"... long before RUPES came about, we had been doing baseline research on the potential market for carbon. But we had no idea how to go about getting a market mechanism for it. RUPES was an agency which gave us hope as to how to access and develop the market. This was a very important contribution. RUPES made the research more scientific. It brought in knowledge and experience, got consultants for designing the study better. This contribution that RUPES would make had in fact not been foreseen when Kalahan people started engaging with RUPES. Our own work lay in the fact that we had negotiated a contract for doing social forestry with the government. Only thing that had been foreseen was the help with forming the carbon market. Also, RUPES gave information that a market for water existed. Now there is a greater understanding of the total picture thanks to RUPES. With RUPES' help one also got contacts with government officials, and private agencies engaged in hydropower generation.

RUPES has been supported by excellent human resources in terms of team members, ICRAF researchers and consultants. However, more attention should be given to the capability of site members in managing their projects, since there are substantial differences in level of skills, knowledge and experiences of site leaders and members. A country facilitator is needed for each RUPES country, to facilitate the site and national level interactions and maintain their responsibility to the core RUPES management team.

RUPES has efficiently utilized its financial inputs. The major fund from IFAD is a seed fund. Many of the outputs and outcomes of the project have in fact been sourced from various funds. Since the environmental service issue has been one of the central programs within ICRAF for a while, these funds have contributed to the RUPES program. Financial resources were adequate for attaining some of the deliverables but not all. Wherever present, co-funding has helped in getting the desired outputs.

One major comment that emerges is that *“in two to three years this is all you can hope to do. It would be good to have animal husbandry and other such activities to directly impact upon and supplement poverty. This is an additional input which the project lacks. One needs some development projects like the one IFAD has in Bakun.”*

There was also the perception that, despite having been given some attention, the cross-cutting themes of economics and law were not adequately treated as an integral part of site level activities and background studies.

#### **6.4 Involvement with partners**

Throughout their four-year program, the RUPES sites have worked on social mobilization and have identified the needs of the environmental service providers. Through a clear understanding of the RUPES context links with new partners have been established and re-established and strengthened with the existing partners.

In the process, considerable efforts have been placed in communication and information sharing. This has occurred not only among the RUPES members, their associate members, other stakeholders as well as the local agencies, but also beneficiaries. All of these groups have been included - in terms of seeking their opinion about the benefits of the project.

A range of opinions were voiced on the issue of RUPES' optimal involvement in the partnership, with current partners. While only a couple of respondents felt that they did well. The majority differed and felt that there was not sufficient involvement with partners, at least to the extent that had been envisaged. The partnership could have been utilized to a greater extent. RUPES has not been able to function adequately, as the framework and umbrella under which ongoing and new PES initiatives, implemented by the various partners, could come together.

Various suggestions have been made on how this could be improved upon. Sharpening the level of partnership at the international level can be achieved through more involvement in international memberships and events. This needs special time to be allocated for such activities by the RUPES manager.

In terms of specifics, it was felt that the technical committees in the Philippines did not have sufficient expertise and that ICRAF needed to step in to fill this gap. Experts should be brought into the technical committees as this would lessen transaction costs, by ensuring a direct contact with these persons.

#### **6.5 Bringing resources in line with deliverables**

In terms of financial resources, the RUPES resources were sufficient to meet the immediate, initial objectives. The money from IFAD alone was too little to address all the site requirements. The budgets were tight, in the sense that one could not expand them as desired. Wherever the baseline was good, at Kalahan for instance, RUPES was able to do better. It was also felt that better deliverables could have been achieved by a more effective allocation of human resources. Most of the RUPES team has been faced with heavy workloads and a broad range of responsibilities. A better management structure from the outset, and optimization of personnel and its costs, will increase the productivity of the project. RUPES had relatively less personnel and needs more senior, full-time staff working on it in RUPES II. There was insufficient personnel when compared to the tasks to be achieved.

In terms of capacity building, more could have been done to broaden the base, by addressing specific groups such as women. Practical considerations of time and managerial pragmatism often limit capacity building activities of this

nature. In Nepal in particular, it was felt that the RUPES budget was relatively small as compared to expected deliverables, although they were able to leverage some additional resources from other programs for the first 2 years.

Site-wise differences are evident. In Sumberjaya, resources were deemed to be adequate as evident in: the publications (article, brief, poster, leaflet and video), improvements in awareness of all stakeholders, especially local government officers, and the institution of the conditional land tenure system. However, it will obviously take more resources (including time and human resources) to bring the hydropower company on board as a direct buyer of the ES.

There were no problems in Bungo either - with regard to resources - due to the fact that co-funding was available. The funding was enough to meet the requirements of the work-plan. However, in terms of the community's requirements for additional information on improving rubber quality or mini hydro projects, the community has had to occasionally draw on its own resources. The major 'delays' at Bungo include a failure to obtain rewards in the manner and time that had been initially designed. Of late things have improved, with RUPES providing some of the additional budget for micro hydro projects and seeds.

Resource planning had not initially considered the possibility that rewards would have to be met out of RUPES funds. The contribution of RUPES in meeting these rewards has raised fresh questions of how long the PES can be sustained under the circumstances. In the case of biodiversity services in Bungo, it is reported that people are "*sort of losing heart and accepting that there is no big buyer.*"

## 6.6 Partnership and capacity building

The initial experience with building capacity and partnership was quite satisfactory. The partnership and capacity building exercises were adequate to keep the program on track. To quote one respondent, "*RUPES had made contacts for us. RUPES did more than enough, as compared to other groups we have been associated with earlier.*" It helped greatly that RUPES actively disseminated information among stakeholders, ensuring an effective flow of information within the project.

Various pathways could have been tried in order to enhance the partnership, such as more

engagement with politicians, both those in power and those in opposition to the current government. It is felt that this should have been done at all levels - local, state and national. In the words of one respondent, "*wisdom and ideas emerge from listening to their protests as well.*"

Although the importance of capacity building has been discussed earlier, a point made in the current context has been that capacity building activities within the RUPES project have been demand driven. An effort has now been made to devise a more solid work plan for capacity building activities. The implementation is not at its best, since capacity building has not become the highest priority within the project activities. Better networking with other capacity building organizations and networks, such as SEANAFE and RECOFTC, needs to take place. Fortunately, there is some positive movement in this direction.

In a similar vein it has been suggested that one should draw upon resource persons from other Asian countries for giving training in groups, say, from India, Latin America, Australia and other possible learning sites<sup>4</sup>.

Finally, it is also noted that the project lacked expertise on developmental activity. Advisory inputs should have been sought to bring more development groups into the partnership, to make the program more effective in achieving the poverty reduction goal.

## 6.7 Teams and interaction

RUPES formed teams to carry out various tasks. These included the ISC at international level, national networks and technical advisory groups at the site level. The initial design for formation of the teams was good, and competent teams were formed for all tasks, except in Nepal where some reservations have been expressed.

Unfortunately most respondents felt that the involvement of the ISC members had been limited. To quote one respondent, "*RUPES has been lenient on ISC.*" However, initially ISC members did provide plenty of inputs. One member of the ISC reportedly facilitated financial support for RUPES, its researchers and for the organization of seminars.

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<sup>4</sup> Some respondents appreciated the inputs from Prof. Stefano Pagiola at the Global event organized by RUPES in Mataram, 2007

The ISC meets only once a year. ISC members are not familiar with the progress of the project. Respondents have felt that there should be more interaction between ISC and National Advisory Committee and between the ISC and the technical advisory groups at the sites. Expectations from the ISC, in terms of support in funding or contacts, were largely unmet.

There were suggestions as to how the engagement with the ISC could be improved upon. As one respondent reported *"The ISC role is crucial and everything should be done to encourage their participation."* One of the suggestions was that there was a need to look into how the RUPES secretariat puts information across to the ISC. It has been suggested that a brief newsletter updating them regularly would be useful. According to one ISC respondent, the lack of involvement of ISC members can partly be explained by a *"lack of funds earmarked to cover their staff time."* Some respondents also felt that recognition of the participation of ISC members as institutional engagement by their respective institutions could also enhance the ISC participation. It was suggested that a specific ISC member could be assigned to each site, or to an NC, depending on expertise so that there could be direct contact with the member concerned.

ICRAF level interaction amongst the six sites has been very fine. Among national level committees, there appear to be some differences in terms of the space accorded to different services, with biodiversity concerns less prominent than water issues. There are high levels of satisfaction among RUPES teams regarding the time and expertise provided by students and higher level (ICRAF) staff in the field.

## 6.8 Scheduling of activities

There was a 3-year initial agreement for the RUPES project sites. This later became a 5-year program, as this was considered a more feasible time range for implementing the program. This was particularly in view of the fact that many stakeholders were involved in the activities under the program. A certain number of delays and uncertainties would be expected to occur under the circumstances, and indeed, these did occur. However, for the most part, these were within an acceptable range, as overall the initial schedule of activities was followed. For instance, the time taken in convincing people in the local government about the benefits at Sumberjaya can be accommodated in a sense, while the prevailing insurgency and conflict situation in Nepal caused delays that forced the program to make some strategic adjustments.

### **Box 3**

One delayed activity related to the willingness of parties to pay for watershed functions at Sumberjaya. In the first year of the project, the collaborator (local NGO) could not achieve the task because of its internal problems. RUPES took over the task, and was successful in forming the River care group.

A similar concern has been raised with regard to the "output of the TAC in supporting local implementation" and in facilitating interaction with policymakers. Interaction strategies of TAC with either locals or the ISC are not very clear.

Although RUPES activities have been supported by diverse and competent teams, there is a perceived need for national-level program officers to support the project in partnership, capacity building and management at the site level in Indonesia, along the same lines as has occurred in the Philippines. In the words of one respondent, *"An example of the team that is working most competently is the Philippine national PES network. It held a national PES conference in 2005, published the proceedings and is holding a policy forum in December 2006."*

While all essential activities were accomplished, even in Nepal, it is to be noted that two factors helped in achieving these. One was the funding support received from several sources (apart from IFAD) and the other was the flexibility built into the timeframes. The timeframes were designed to be flexible in relation to the work plan, in view of the importance and priorities of each activity.

In accomplishing the activities, it was however felt that partnering with politicians could have helped in a smoother achievement of the tasks. As narrated by one respondent - with regard to a site in Indonesia - there was an instance of a higher level politician helping to convince a lower level politician about the benefits from RUPES. Opinions were voiced that they should explore

the scope for building such type of partnering activity into the structure of the project.

Almost all the tasks were found to be relatively difficult by the concerned task managers. The tasks required hard work and a dedicated and skilled team to implement them.

## 6.9 Outputs

The tangible outputs were achieved very well. The national outputs were almost all achieved. The practice of RUPES itself is pioneering and its successes are worth documenting. In fact, most respondents felt that the outputs achieved went beyond those conceivable within the support provided by the IFAD fund, although these outputs might not have strictly always adhered to the work plan. In particular, one respondent's comment reflected the feelings of all the rest: *"We consider that we have achieved some outputs successfully. These include participatory mapping, capacity building, biodiversity research, awareness raising."*

The outputs obtained have been listed in the project documents.

It is of interest to note two important additional outputs: an increased level of awareness of the value of environmental services and an enhanced capacity to implement PES programs.

practices and tools developed within RUPES, have been well-received at the global level. At the national levels, RUPES has become synonymous with an information center for any ES and PES issues. Its outputs have often been requested for purposes of consultation while making national level policy decisions, especially for issues pertaining to the poverty- environment nexus. At the international level, RUPES was invited to give its opinion on the implementation of avoiding deforestation policy under the Kyoto Protocol and it has also been involved in Asia Europe networks - ASEM. The lessons RUPES has learnt and its experiences have become global public goods due both to its quality and because of the wide dissemination done by the program. In the words of one respondent, *"It has now become a 'brand name' for PES activities."*

The website has played an important role in making RUPES' accomplishments visible. In considering movement of outputs beyond the project circle, it should be noted that there was interest in tools developed within RUPES, especially the watershed ES typology. These tools (RABA, RHA) helped in the understanding of what could be achieved in a particular site within the target time-frame. These helped in reaching decisions on best land use options in the face of time and resource availability (financial) constraints. There was also interest in PES from

### **Box 4**

*"RUPES at Bungo has raised the government (district and middle level) support for changing the development plan. Earlier the government had a plan for production forest. And now the plan is to make it a protection – conservation area."*

In particular, the website has proved an extremely important "output" in the opinion of most respondents. RUPES newsletters and messages about updates on the RUPES website were received by other partners such as IUCN. Cross-site synthesis, training manuals and resource surveys were obtained through the website. The conceptual framework for economic and environmental valuation was also obtained through the website.

## 6.10 Uptake

RUPES outputs went beyond the project circle. The initial design of the RUPES project was only meant for Asia. Nowadays, however, its practices have been taken up for discussions at a global level. Some of the outputs, especially scientific

state and parastate organizations as it was a novel way of aligning interests between upland providers and downstream users. The National Technical Committees co-shared some policy advocacy with WWF-Philippines, which helped in taking outputs beyond the project circle. Box 5 summarizes some of the evidence on uptake in the three countries studied in this report.

On the issue of whether RUPES' efforts on uptake and policy follow-through were sufficient, a range of responses were received, ranging from "yes, sufficient efforts were made" to "it is very difficult to say whether the efforts were sufficient." The experiences have differed from site to site. Bungo got a national award; so it is well known at both the national and local levels.

A lot has been done, but more could probably have been achieved especially regarding the national level policy uptake. It is felt that there are not enough cases to engage with national level policymakers in Indonesia. However, a start can be made by making allies through educating them.

The Philippine respondents were hopeful that a policy forum would help them in engaging with the policymakers. They even invited one Member of Parliament and one permanent staff of Parliament to the global event (Mataram 2007) in the hope that this would make it easier to follow up with them thereafter.

#### **Box 5**

The Ministry of Local Development in Nepal has made use of research outputs of the RUPES project in Kulekhani. The program has also encouraged other organizations in Nepal to initiate similar works on PES in Nepal.

The Sumberjaya, Indonesia experience was presented at both national (Ministry of Internal Affairs and Ministry of Forestry) and international fora (International symposium on community water conservation in Bangkok). Guest lectures were also delivered at Gajah Mada University and Kennedy Scholl, Harvard University. Both these indicate the interest in and scope of outputs moving beyond project circles. RUPES will also be collaborating with the national government in Indonesia to finalize regulation of the use of forest environmental service.

Respondent from Philippines: "We could clarify the rights of the community with the municipal committees because of RUPES' efforts and inputs. We could make presentations of our work to audiences beyond the project circle – to Bishops, high schools, farm communities/groups, and civil society based groups."

There were efforts to assist government in recognizing the importance of ES. They gave some verbal assurance and indicated recognition of RUPES. However, this has not yet translated into action. There is a need to involve more, higher level government officials. Suggestions were made to publish a newsletter exclusively for them.

In Indonesia it was also felt that the steps taken were enough for the directorate. However, it was not enough at the ministerial level. Here, more inputs are needed. Publications should be given to all departments under the Ministry of Forestry. Workshops and presentations/meetings should also be conducted for all concerned parties. Government interaction can be enhanced through seminars, more pilot projects, and more dissemination about achievements through publications. As one respondent put it, "*I can tell you that in the Ministry of Forestry itself, more dissemination would be welcome. We must distribute material to the Ministry of Foreign affairs, National Planning Agency, Ministry of Transmigration, Departemen Dalam Negeri (Ministry of Internal Affairs) and also universities, along with Ministry of Forestry.*"

Overall, it was felt that RUPES is still very much seen as a research project and less as one dealing with advocacy and policy dialogues, although enough was done to achieve RUPES outcomes. However, more could be done in a broader sense. For instance, there is no law on ES in Indonesia. Efforts may be made to carry through RUPES learning to create pressure in policy spheres for making such laws. The legal foundation is very important. Legalizing the mechanisms also focuses attention for obtaining budgetary allocations for such activity. A national law, or at least a policy showing support of the government for PES, would ensure that PES gets prioritized and provision is made in government budgets for PES activities. It is very difficult to get co-funding from the government without such a policy.

Several suggestions were made on uptake activities that could be improved upon. Uptake would improve if there were more outputs in local languages, including outputs on website and working papers. More uptakes could also take place through the publishing of policy briefs and newspaper dissemination for both some RUPES members (such as the ISC members) as well as the government officials. Media exposure is also

important. Trying to convince the government about biodiversity conservation is considered difficult, but would become much easier if it was done in collaboration with other NGOs; especially international NGOs such as WWF, ESP, CI, NC. These organizations could also collaborate in implementing PES programs, thereby leading to greater uptake through their own links. It was felt that radio programs on PES / RUPES are a good way to enhance uptake.

(often by lowlanders); and attempts to rehabilitate degraded areas by planting indigenous and rare tree species. A water and sanitation program is part of the scheme to reduce upland solid and liquid wastes.

The Ministry of Local Development in Nepal has drafted regulations that require the local government to allocate a part of the royalty they receive from hydropower plants for the

#### **Box 6**

“Interests in RUPES’ accomplishments are expressed in various ways. Take the case of Bungo. Visitors come to Bungo to see it. They learn from our work. The locals share knowledge with scientists from other NGOs, universities and locals from other villages. Replication of micro-hydro has taken place in other villages after seeing the success in Bungo. Bungo has been nominated for Kalpataru award. Last year it got the second position at the provincial level.”

The first phase of RUPES was a learning phase, of sorts, for the site leaders as well. Now that there are some results at hand, RUPES is in a better position to enhance uptake and encourage policy innovations. One point that clearly emerges is that much more now needs to be done on promoting dialogue with investors. This is an essential part of the uptake that has to take place in order to have a self-sustaining mechanism in place.

### **6.11 Outcome**

Not much evidence on ‘outcomes’ from the RUPES project has yet been seen. However, RUPES has definitely created a brand for itself, and its website is well known. It must be acknowledged that PES is a new idea. Before 2000 very few people knew about it. There is some difference in the situation since RUPES started, but still there is quite some way to go. Some indirect impacts are seen. For instance, one partner’s students at the university are aware of it from his lectures.

Based on 2005 agreement with the LGU of San Fernando of Sibuyan Island, there are now outcomes from a PWS project with the upland indigenous peoples whereby payments from PES add to their income sources. There are also patrols by field rangers to stop deforestation

conservation and development of the upper watershed.

The outcome can be seen especially in the absorption of the RUPES concept in national level policy. At the site level, awareness of the communities and local stakeholders, including NGOs and government officers at six RUPES site has been increased. Tools developed by RUPES have been applied in some learning sites and funded by other PES projects.

In terms of the adequacy of initial stakeholder analysis for targeting key outcomes, it was felt that the transforming of outputs into outcomes needs some improvement. Government agencies and IFAD are both interested in outcomes, in terms of poverty alleviation. An important aspect is the scope for impacting poverty in specific timeframes. However, it was opined that RUPES has not been able to sufficiently clarify that prompt poverty alleviation is not RUPES’ main objective. This has resulted in these agencies having unrealistically high expectations in the impacts on poverty reduction.

More effort need to be made in broadening and simplifying the concept of RUPES, from being a targeted program to an approach – an approach that includes impacting human capital, social

#### **Box 7**

“Various types of institutions manage the RUPES action research site (e.g. Sumberjaya and Bungo are managed by ICRAF scientists; Bakun is managed by local government; Kalahan and Singkarak are managed by grass-root institutions). It makes obvious that each institution has different capability and ways to manage an action research project. Therefore, their outcomes and outputs also have different quality and perspective.”

capital, and achieving greater empowerment – so that outcomes are in terms of factors other than poverty alleviation. There is a suggestion that the outcomes should be defined with a broader scope to embrace regional and national levels as well.

The initial stakeholder analysis has not been sufficient, to the extent that investors and development experts have not been represented. However, strong partnership with other institutions can complement this weakness even now. The situation has improved compared to the initial phase of RUPES. RUPES can do better stakeholder analysis at international, national and local levels.

One can consider the impacts in different ways. In terms of reducing vulnerability, all the RUPES research sites have contributed by building stronger local institutions, triggering social bonding and human capital. Stronger local institutions and active participation at community level activities increases self-confidence and negotiation capacity of the communities, thereby making for more power balances within groups at the sites. Increasing asset values and tenurial security have been more tangible impacts in the case of Sumberjaya. Assistance with tangibles has also been seen at Kulekhani and Bakun.

#### **Box 8**

In the case of Sumberjaya, the impacts are being felt. In July 2006, 18 farmer groups received community forestry permits. This translated into an increase in the area covered by them from 1,367 ha to 11,633 ha. Nearly 6,400 farmers now have permits and account for 70% of the protection forest. Recently, RUPES completed a study of the impacts in Sumberjaya with researchers from Michigan State University and the International Food Policy Research Institute. The study found that the community forestry permits increased land tenure security and local land values, reduced corruption, increased income by about 30%, mostly due to reduction of bribes, increased equity, promoted tree planting/agroforestry, promoted soil and water conservation, and gave farmers good reasons to protect remaining natural forests.

### **6.12 Impacts**

It was felt that there are no major indications of impacts affecting poverty reduction in a narrow sense. However, RUPES' efforts are on the right track, as is evident through mechanisms such as ensuring tenure security. In the opinion of the majority of the respondents, major impacts on poverty reduction are not to be expected from the first phase in RUPES. "It's too soon" is the opinion which is repeatedly echoed. Positive impacts on poverty reduction are expected once the environmental service reward starts flowing to upland communities. Even in Sumberjaya, some respondents feel that it will be at least three years before the impacts on poverty become clearly and directly evident. Tenure security and linkages between producers and markets show that things are on the right track towards poverty reduction.

As a Kalahan respondent put it, *"the link between the two goals is becoming apparent. We have had bird watchers groups coming in; we are working towards that sort of things now. We are earning money from catering for these groups, by providing them with guides and through honorariums for lectures delivered. RUPES stimulated us in taking the right direction."*

The indications of impacts on environmental conditions are much more difficult to locate within such a short time frame. It is felt that the environment program has to link with other programs such as developmental programs and programs for land rights in order to impact both the goals. However, RUPES has certainly raised awareness and hopes of some initial indications of environmental impacts at some of the sites such as Sumberjaya.

RUPES completed a study of the impacts in Sumberjaya with researchers from Michigan State University and the International Food Policy Research Institute. The study found that the community forestry permits promoted tree planting/agroforestry, soil and water conservation, gave farmers good reasons to protect remaining natural forest and reduced sediment.

### **6.13 Issues**

This section will first discuss the main challenges that the project had to overcome and follow it up with a discussion on the key factors contributing to success.

## **Challenges**

The main challenge lay in convincing the beneficiaries of environmental services that they needed to reward the suppliers of such services. Thus, before a PES market can be established, definitive scientific evidence must be gathered about the main factors increasing sediment in the water used to generate hydropower. At Sumberjaya, for instance, maintaining a dialogue with the hydropower company is the most important challenge. Ensuring that the company is receptive to RUPES research and that RUPES is also eager to learn how best to adapt the mechanisms to meet buyer needs, is an essential two-way process for achieving successful outcomes.

Communication about ES at different levels was another difficult task that had to be accomplished by the RUPES teams. It is strongly believed by the respondents that one of the main reasons why conditional land tenure is working in Sumberjaya to improve livelihoods and provide watershed functions, is because the head of the district and the head of the Forestry Office for Lampung Barat, both have strongly supported this approach.

The key question of how to create a reward mechanism for conserving the environment is challenging. The reward mechanism has to link the ES effectively with livelihood impacts. In Sumberjaya for instance, the RUPES project focuses on conditional mechanisms that link land tenure and its livelihood impacts to success in achieving environmental outcomes. This is an especially challenging task since the nature of the ES differs from site to site and the links have to be established in a manner relevant to the specific site.

The implementation of RUPES at the site level is usually sensitive to local conditions. Therefore, finding good site facilitators is the most important key in introducing the scheme and engaging the ES providers to the program. It is important to make sure that the site level management can be handled by competent local institutions. Differences in the ability to manage local resources and activities can reduce the efficiency and effectiveness of higher level management.

The immediate challenge is to ensure the teams deliver all expected outputs (working papers, reports, etc.) to an acceptable standard as the project fund and contract with IFAD (as the main donor) finishes soon.

## **Factors contributing to success**

It is fairly obvious that the more tangible rewards are the most likely to succeed. These include tenurial rights and direct money transfers. Access to land tenure also corrects the power imbalance. In view of this understanding, some respondents felt that there was scope for achieving more by designing the reward more effectively in the initial stages.

The fact that in Nepal there was already a good research base of equitable sharing of hydropower benefits gave RUPES credibility when they started negotiating with policymakers and other stakeholders. Similarly, complementary research by other ICRAF activities in Indonesia contributed to RUPES' success. Thus, RUPES gained a lot from ongoing activities at its sites. Among site level factors, good team work and interaction with collaborators was a major factor contributing to success. RUPES has learnt that a balance must be struck between research (developing tools and analysis) and action research, and that this can optimize implementation. This, in turn, has contributed to its success.

Intensive site selection exercises paid off. It was also important to do this due to the shortage of funds. The transition to a larger scale should not be done hurriedly, it is better to go slow. These are some of the major lessons and factors that contributed to RUPES' success in the first phase, and can help in ensuring its success in the next phase as well.

Focused and systematic communication efforts, accompanied by better capacity building efforts, involvement of committed partners are extremely beneficial for both RUPES and its partners. It is also important to be able to ensure the continuation of funding, especially in supporting site activities before they become sustainable. One respondent also pointed out that the IFAD reviews helped in improving RUPES projects. IFAD had new people in its review teams each time and while there was no continuity, all felt the benefits of fresh perspectives.

## **6.14 Next Steps**

Wrapping up of RUPES I is of course seen as the most important next step. The first priority should be to fully accomplish Phase I. This will serve to provide model sites so that more sites can be added at a later stage. On average, most respondents agreed that all six sites required another three years to become fully operational

PES sites. Thus, the most important step is to go in for a second phase. The main reason is that sustaining the efforts would mean impacts would be seen in another 3 years, in terms of both ES and poverty alleviation. It is not in a sustainable stage now; it is in a middle stage and the project needs to go on. The results have been encouraging but more support is needed.

Thus, the most important next step for RUPES Kulekhani is to ensure the sustainability of environmental services reward mechanisms that have just been initiated; similarly for Bakun. The project required more research on water quality, quantity and other hydrological characteristics at Bakun. In fact, respondents feel that capacity building and training of local people for water quality monitoring and hydrological assessment could be a major milestone for RUPES II. In Singkarak, the perception is that another five years will be needed to cover the entire watershed area, by including new areas within the project. For successfully completing the current Singkarak project, another three years is needed as per the current understanding.

#### **RUPES II could help in...**

*"With these accomplishments in place, we are eager for the opportunity to begin working with real buyers. We have an ongoing dialogue with the electricity company, to share what we have learned and the company is receptive. Working with the company will allow us to learn to adapt the mechanisms to meet buyer needs as well as seller needs."* (Sumberjaya respondent)

The next most important step is to carry further plans for policy advocacy and in establishing links with forestry laws. Could RUPES, for instance, take up some of the following issues on behalf of its communities: "Can we use some of the royalties paid by the hydro-company for environmental service payments? These funds are meant for rehabilitation, but are not being used." "What are the possibilities of using the clean water act to allocate some funds for PES?" These involve matters relating to the convincing of the national government regarding the importance of ES and setting up of PES mechanisms. A lot of attention is now focused on how far the results of the PES scheme in Sumberjaya are able to influence policy for PES in Indonesia. It is also generally agreed that a legal foundation is required. The law on ES needs to be drafted and a legal basis for reward transfer mechanisms should be developed.

For the Philippines specifically, it has been recommended that one needs to fix the infrastructure problem in Sibuyan. There is a need to create or modify existing policies to allow "cap and trade"-related transactions to take place, such as modifying provisions in the General Appropriations Act so that local governments or management boards can allocate the money directly to the service providers.

Some respondents feel that RUPES needs to widen its scope and look more at some other services, especially CDM and eco-tourism. The general understanding is for a need to knit the

#### **Box 9**

In the case of rubber for instance, eco certification of latex (used in cars, furniture, etc.) and developing semi-processing activities for latex, could fetch employment and money, thereby impacting on poverty while ensuring the ES. In Bungo, the locals are convinced regarding the bundling of values. They are also convinced about the importance of hydro-based services. But there is still a gap between the economic value of monoculture and other values, even after the value for ES is imputed. So, we have to see how to fill this gap. For instance, we could try and do it through eco-certification. This will increase the price of rubber. For Bungo, it will take another 2- 3 years at least for a viable award mechanism to take off.

More learning is required on the role of "brokers" in developing markets and reward mechanisms. There is a need to engage brokers (expert, knowledgeable ones) who may be drawn from NGOs working at other sites, academics or even the private sector. There is also an urgent need to identify and engage those institutions who are best at bargaining and negotiating, so that RUPES II activities are facilitated.

two goals closer together through developmental activities.

Some greater uncertainties are introduced when the buyers for the ES are international. There is a need to be more creative in the design. Carbon, for instance, is of international importance and therefore it needs much more time than the

other services. Here, one may have to compete with other countries. It needs two to three years to negotiate. For water based services, it is relatively simpler. This realization should be incorporated in the design for the next phase of RUPES. In RUPES II there should be about five years time given for projects concerned with biodiversity and carbon services, while two-three years should be allowed in planning for water-related services.

Among other steps that are required is a broader approach to include more emphasis on the social capital of stakeholders. Empowering society should be a focus in RUPES phase II. This would translate into better outreach and communication as well. Systematic capacity building efforts linking with other institutions and programs, such as SEANAFE need to be taken up.

There is a need to bring more people specializing in development into the partnerships. RUPES' critical issue has been scientific. RUPES is ideal for talking to and networking with the scientific community. It should exploit this further in influencing policy at the national level in phase two. But on the ground, the requirement is different and is more for development. In order to achieve this, RUPES II should collaborate with many more local NGOs. There may be a need to scale down the research component in phase II, while encouraging more NGOs to take up associated development oriented programs (eco-certification, bottled water).

More involvement of politicians and bureaucrats is needed. It is felt that one can reduce transaction costs by capitalizing on existing government agencies working in some way with buyers and sellers. In general, improving relationships among buyers and sellers, between local traditions and state policy is a key focus for RUPES II. The issue of how best to get the money already collected back to the locals, must continue to be discussed in policy forums.

Monitoring indicators also need to be developed and the impact of rewards on poverty reduction and enhancement of environmental services need to be monitored. This is an important issue. While the RUPES mechanism should be replicated in other areas, RUPES now faces the challenge of developing the necessary data and information in designing scaling-up activities.

It was also felt that there will be more support coming forth for RUPES II if it addresses issues of

community justice and does not concentrate only on "buyers and sellers issues." ICRAF and its partners need to show that gender concerns have been addressed within the program. This should be in terms of both the normative and actual roles and responsibilities adopted. Extending the argument, there is a need to disaggregate the performance in terms of social stratification, equity and politics of discourse relating to RUPES. Gender should be a part of this disaggregated design in RUPES II. A review of the Annual reports of the RUPES Program showed that while the project included male members of the household as key players in management and implementation of the project, the role of the women in project functioning and benefit sharing is not documented for most sites.

For example, the Kulekhani watershed has separate women and youth groups. However, nowhere does the report mention the specific advantages that these groups might get from the RUPES project. Similarly, the report mentions the beneficiaries as 'poor people' but fails to bring out how the different sections within the target group - especially the very marginalized - benefited from this project. Despite the fact that these upland communities were poor people, nevertheless, are they a uniform, homogeneous group and do they get similarly benefited?

However, it may be noted that respondents have varying perspectives on the gender issue. In Bungo for instance, respondents feel that all groups are represented in the RUPES activities, including women. Women conduct the management of microfinance. As one expert put it, "Most of them will know and be able to tell you about RUPES." Again, respondents also feel that this is not an issue in the Philippines as there is involvement of women in Kalahan, there are a lot of women officials in the Philippines government. However, it is generally agreed that gender concerns have not been an issue for focus in RUPES program.

A few recommendations have emerged on how the partnership can be improved upon to better realize RUPES goals. A number of organizations working on PES, which are presently not part of RUPES, should be considered as new partners - e.g. CARE International. The issues relating to partner funding also need to be resolved. Greater advocacy is needed to achieve the goals of RUPES in a more effective way. There should be one or two partners dedicated to this activity, continually convincing partners and others about the

importance of ES. The ways to go about it may include: involving a communication expert, keeping a politician in the national working group, and having a strong representative from the political party. One can also consider inviting other experts to present papers based on their experiences (e.g. IIED, University of New Castle, IUCN, WWF, Free University, etc.). There should be more benefit-sharing with partners to enhance commitment.

There is also an ethical issue that has arisen in the recent past for researchers engaged in RUPES. RUPES has been making payments for the rewards for ES. The question that arises is whether it is ethical to have intermediaries paying rewards. The respondents interviewed in this study gave two reasons justifying this action under the circumstances. Since it takes time and can be difficult to get long term commitments on payments from private agencies or to work these out with government agencies, there is nothing wrong with the intermediary stepping in and creating the rewards. If the reward is, for example a demonstration exercise to show how a mechanism can work, it seems quite alright for the intermediary to step in like this. But a related question raised by another respondent then becomes relevant: for how long is this sustainable? And, what is a reasonable timeframe for the community to expect a mechanism to get going on its own? What happens to the expectations of all those who collaborated, hoping that an independent reward mechanism would work out for the long run? These are difficult questions that RUPES now faces.

At the same time, it is fairly agreed among the majority of the respondents that RUPES would have died out if they did not have the poverty alleviation targets along with those of PES. "One basically needs a PES ++ program." The two should run parallel as there is a basic complementarity between the two approaches of poverty alleviation targets and PES targets, which should be continued within II. It is a conviction among the majority of the RUPES family that RUPES has adopted the right approach in addressing both poverty reduction and improving environmental services together.

## 7 Summary and Concluding Remarks

- This study is a self evaluation of the RUPES program which has been conducted on behalf

of IFAD, the major donor for RUPES. The purpose is to have a major performance evaluation before the project enters the next phase. The next phase could encompass both a continuation of current sites and activities, and the addition of new sites and activities.

- With regard to the schematic diagram for the analytical framework of the study, one can say that the first loop has been completed. This leads one to explore various aspects such as a) whether the issues have changed due to external factors or due to project impacts and b) if can we see linkages amongst the different parts and at various scales (as represented by the dashed arrows in the diagram for the analytical framework).
- The initial log frame for the RUPES project was formulated in 2002, which was examined by the IFAD supervision mission in 2003, and a first set of modifications was suggested. However, RUPES had proceeded mostly on the lines of the initial one. Another IFAD mission in 2005 made some more modifications which were more along the lines of the initial log frame of 2002. The present, modified log frame is one which appears to be to the satisfaction of both the donor and RUPES project staff.
- There were five different components. While components two and three were on different aspects of the technical groups; four dealt with awareness while five deals with partnerships.
- The project in its entirety had a few main sites and some associated sites. The sites on which the analysis in this study has been based are as follows: the Philippines has two sites – Bakun and Kalahan; Indonesia has 3 sites – Sumberjaya, Singkarak Lake and Bungo; Nepal has 1 site - Kulekhani. In four of these sites the project has implications for hydroelectricity generation. Various types of institutions manage the RUPES action research sites, and these institutions have different capabilities and approaches for managing the project. Further, the nature of environmental service involved also differs. As a result of these factors, the impacts and expected outcomes have varied from site to site.
- In this setting, it may be useful to try and develop some criteria for assessing the

efficiency of the tasks accomplished; for evaluating how each task has helped in reaching the overall goal or in feeding into the next level. In a similar vein, one can consider criteria for analyzing the sufficiency of funds which were made available. These links are not as clear in the annual reports as they are at present.

- What is obvious is the value-addition made by the project at the community level in terms of awareness creation and higher social capital. To be able to come out of a sense of conflict to a sense of shared responsibility is an achievement. This impacts upon poverty in various ways, as it links with the different ways in which human wellbeing can be improved. There is also greater equity - in the sense that there is more income enhancement potential within agreements than without such agreements. There are multiple dimensions to poverty and RUPES can address some of them.
- An important lesson for RUPES is the relevance of tenurial security for locals, in encouraging the successful creation of markets for environmental services. Further, developing mechanisms that ensure the flow of money to stakeholders who provide the ES is important. Past experience with funds getting deposited in a central fund where these are perceived to be stuck and are not ploughed back into locally beneficial activity discourages participation among ES providers.
- The understanding of the impact potential has changed during the project period in terms of timeframes, level, scope, and by the nature of the ES targeted. Problems such as a failure to understand biodiversity and to apprehend what can be achieved in the short and long terms have gained prominence. In the short term more awareness and capacity building takes place, and there is considerable evidence of this at the sites. This has very important impacts on the goals in the longer run. There is also increased understanding of the importance of political support for realizing impact potential and an important shift in focus from targeting the poorest to pro-poor mechanisms. There is a shift in the conceptualization of RUPES as a mere intermediary for transactions to being a source of research and knowledge base for PES in Asian countries. RUPES influenced IFAD to see awards beyond the mere economic; has influenced others to engage in PES and learn from RUPES, and heavily influenced the discourse among both practitioners and non-practitioners about PES - which had not been anticipated to this extent.
- Shifts in understanding have resulted from the process of learning by doing; from interactions with other groups at different sites; and from the practical difficulties encountered during implementation. The process was assisted by interactions through policy dialogue and negotiations with affected parties, and a realization of the need for supportive policy and research for creation and operationalizing a PES mechanism.
- The RUPES project also complemented and optimized its use of existing resources at various sites. Past and ongoing projects at RUPES sites and the RUPES project both gained from and added value to the sites; although there is still potential for further linking. Funds were mostly directed towards field level activities and were relatively less for partners with their consequent limited involvement. There was inadequate attention paid to economics and law aspects at the site level. RUPES was very good in building relations at the community level however, as it had no gender or social stratification focus; institutions have been established and are in the process of growing stronger. Now a country level facilitator is needed in each country to help in management and in integrating varied levels of skills and expertise among site leaders and members. Overall, human resources support was built up well; RUPES became a knowledge bank for technical inputs on PES but greater dissemination and management will enhance this role. Overall, there was an efficient management of funds; IFAD funding constituted a seed fund, but essential support also came from other funding sources supporting environmental service related activities from ICRAF. Projects are partially lacking on one input, namely developmental expertise and livelihood activities to supplement the ES linked activities.
- RUPES was quite involved in the partnership with current partners although it could have done much better. A range of opinions; while one respondent felt that they did well, the majority differed and felt that there was not

sufficient involvement with partners as was envisaged; that there was scope for bringing in new partners; participation was needed at the international level to enhance partnerships; greater expertise was in demand wherever necessary, including in the Technical committees so that one would not have to necessarily depend upon ICRAF resources.

- Resources were in line with 'deliverables.' Adequate financial resources from IFAD funded some, but not all tasks. Co-funding wherever present has helped in getting the desired outputs. More capacity building is required; there is a need to broaden the base and include women; managerial issues have focussed on the heavy workloads and the need for better management and optimization of personnel. Considering the rewards being paid by RUPES, issues concerning ethics, pace of change and sustainability have arisen.
- The initial experience with capacity building for the partnership shows that it was adequate and quite effective in some sites. More measures are required to enhance partnerships, especially in terms of engaging with politicians; dissemination among stakeholders was good; capacity building has so far not been a major priority, but now a work plan with more stress on capacity building activities and interaction with other organizations is being put in place; RUPES performed much better than other groups with whom site leaders had earlier associated.
- Diverse, competent teams were conceived of [ISC at the international level, two national networks and technical advisory groups at the site level] for all tasks; this is particularly true at the ICRAF and local level (sites); Initial design for teams and tasks was good. Need for program officers for management at the national level across sites, as this has been done only in the Philippines; need more interaction between ISC and national advisory committees; should do everything to enhance ISC participation which has been limited, including providing more institutional recognition to their contributions; initially the ISC provided plenty of inputs. There has not been sufficient tapping of ISC members in terms of their expertise, contacts or funding possibilities; a newsletter for the ISC is also suggested; also trying to ensure continuity of

participation of those at the TAG meetings; a need to probe commitment and participation of NTC members; role of members of TAC not clear and questions regarding their contributions to local implementation have been raised.

- Initial agreement for three years was changed to a five-year program in recognition of the feasible time range for site level implementation. The overall schedule was followed with a couple of local level exceptions; convincing local government officials was the most time consuming activity; Nepal experienced an exceptional situation, so had delays; in Sumberjaya delays occurred due to the collaborator. Some of these delays are bound to occur since typically the activities involve multiple stakeholders.
- All essential activities were accomplished; both funding from several sources apart from IFAD and flexibility of timeframes relative to work plans helped in accomplishing essential activities; more partnering activity with politicians can help accomplish activities; a lack of communication and awareness on accomplishments is occurring among ISC members; there is a general perception that the tasks were all relatively difficult and accomplished in the face of personnel inadequacy.
- The project did achieve the planned outputs, particularly the tangible outputs. Successes are well documented. What is important to note is that the outputs achieved have been over and above what IFAD funding could have supported, although the outputs may not always have been as per work plan schedules.
- Some achievements can be treated as additional outputs, namely, the increased level of awareness and capacity to implement PES; accessibility to outputs through the website is an important, positive aspect for ISC members.
- Evidence indicates that RUPES outputs went beyond the project circle, since the initial design for the project was only meant for Asia. The scientific practices and tools developed have been well-received at the global level, while at the national level it has become an information and resource center

for PES/ES and poverty-environment linked issues, sharing human resources and outputs, which contribute to national and international decision-making. ISC meetings and ICRAF information are the main sources of information on this for ISC partners; some other countries and organizations have also expressed interest, for instance in watershed ES typology and PES; strategies, planning and methods for uptake beyond the project circle are good; policy advocacy by NTC helped; interest in research outputs has been shown by the government in Nepal, in Indonesia, and at global events. However outputs did not adequately reach potential investors.

- There was sufficient uptake and policy follow-through activity to get at RUPES outcomes; however more could be done on the national and policy levels. There is a need for more cases to bring about policy changes, but meanwhile should continue to engage with policymakers and also lay emphasis on mid-level bureaucrats; More emphasis on advocacy and dialogue is required, with an aim to have a law for ES; law/policy is essential for getting government funding; more output is needed in the local language; policy briefs and newspaper dissemination, and more media involvement; Newsletter for ISC and government officials; more radio programs and policy forums; there is an ongoing knowledge sharing with visitors, scientists and demonstration of innovations. The first phase had constituted more learning, now RUPES has results for aggressively pursuing uptakes.
- There is not much evidence on outcomes from the RUPES project; the idea of PES was new to most stakeholders at the sites; some preliminary evidence on payments adding to income sources and rehabilitation for degraded areas in Philippines; policy level outcome in Nepal as draft regulations for royalty for ES; limited evidence is found of the absorption of the concept of RUPES/PES in national level policy.
- Initial stakeholder analysis was sufficient to target key outcomes; however RUPES can possibly do much better on stakeholder analysis than it has done up until now; more efforts are required to match stakeholder outputs with outcomes expected from RUPES; gaps in the RUPES program target outcomes to IFAD must be clarified; the development experts were missing for the analysis.
- There are no any major indications of impacts on poverty reduction and this is in keeping with the majority opinion that although the program is on the right track, direct impacts are not to be expected from first phase. However impacts are felt in the form of increased tenure security and land value, reduced corruption and vulnerability, stronger local institutions and social capital, increased self—confidence and more equitable power distribution amongst stakeholders.
- There are no indications of impacts on environmental conditions per se; environment programs have to link with other programs in order to make an impact; RUPES has certainly raised awareness on ES and also some very preliminary pointers at Sumberjaya. In fact, indicators of impacts on environmental condition have to be developed for the sites.
- The main challenges that had to be overcome were in the sphere of communication; constructing a reward mechanism; getting good site facilitators and competent local institutions in place - these are very important for engaging with the ES providers and ensuring that managerial functioning at higher levels is not adversely impacted; establishing markets for PES with final consumers and convincing beneficiaries through dialogue and scientific evidence was a huge challenge that continues to be the main mission ahead; as a more immediate concern, the timely delivery of quality assured output is crucial for success and will be so until the requirements for the IFAD come to a close in the current phase.
- Key factors contributing to success include the tangible rewards which were well designed; correcting power imbalances; building on pre-existing programs; good team work and collaborators; good understanding across different managerial levels – global and national (co-coordinated by ICRAF) and local; commitments from partners and funding support to site activities, including rewards; intensive site selection exercises were a very important story for the success of RUPES; the IFAD reviews helped with their suggestions and ensured that fresh

perspectives were brought in throughout the project period.

- The most important next steps include expertise in developing the role of brokers; policy advocacy plans need to be developed; legal; assessment from existing sites; building up datasets; linking up with other programs for RUPES II; a focus on empowerment and social capital; reduce transactions costs through better links with government agencies; need replication elsewhere and scaling-up of activities including to sites where no there are prior interactions with community; should focus on conservation of biodiversity in particular; narrowing the gaps between state policy and local traditions; improving relationships between buyers and sellers; how to get money collected back to locals in the most efficient and equitable manner; systematic capacity building efforts linking with other institutions and programs, such as SEANAFE; inclusion of development

program experts; making more direct interventions that would impact employment and incomes; scaling down of research component in RUPES II and more of NGO activity leading with site level interventions; two goals must continue to run parallel and be a PES ++ program; for addressing poverty in a sustainable manner need to do both simultaneously; more ISC and NC interaction; address issues of social stratification and gender concerns; concentrating on completing RUPES I sites first, then adding new ones; capacity building in hydrological characteristics could be important milestone; RUPES II is needed for up to five years for a service like carbon where international buyers are involved; for the other ongoing sites on average the vote is to extend the RUPES project for another three years in order to see substantial evidence of its impacts on improving ES and poverty reduction. [\*]

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RUPES website: <http://www.worldagroforestrycentre.org/sea/Networks/RUPES>

## ANNEXURE 1: ABBREVIATIONS

ASEM	: Asia Europe Meeting
BD	: Biodiversity Conservation
CAPRI	: Collective Action and Property Rights
CI	: Conservation International
CIFOR	: Centre for International Forestry Research
CS	: Carbon Sequestration
DNA	: Designated National Authority
EEPSEA	: Economy and Environment Programme for South East Asia
ES	: Environmental Services
EVE	: Environmental Values Enhancement
ICRAF	: The World Agroforestry Centre
IFAD	: International Fund for Agriculture and Development
IIED	: International Institute for Environment and Development
ISC	: International Steering Committee
IUCN	: World Conservation Union
KEF	: Kalahan Educational Fund
NEA	: Nepal Electricity Authority
NTC	: National Technical Committee
PES	: Payment for Environmental Services
RABA	: Rapid Agro Bio-diversity Assessment
RHA	: Rapid Hydrological Assessment
RUPES	: Rewarding Upland Poor for Environmental Services
TAC	: Technical Advisory Committee
WRI	: World Resources Institute
WWF	: World Wide Fund

## ANNEXURE 2: QUESTIONNAIRE

### Questionnaire for RUPES Self Evaluation (2006)

Prepared by:

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November 5, 2006

Dear All,

I am conducting the self evaluation study for the RUPES project as mentioned earlier by Dr. Meine. I am attaching a document which describes the purpose of this evaluation and a questionnaire.

I request you to kindly read it and respond to the questions. Your feedback is extremely important and will be a critical input into improving the understanding of the achievements and limitations of the RUPES project. It will greatly enhance the worth of the self-evaluation and enable RUPES to translate your inputs into learnings for future improvements.

Since this is a time-bound study, I shall be extremely grateful if you could send me your responses by Thursday, 9<sup>th</sup> November, 2006. Please mail your responses to the following – email address: [purnamita@yahoo.com](mailto:purnamita@yahoo.com) . You may also copy the e-mail to: [pdasgupta@icrier.res.in](mailto:pdasgupta@icrier.res.in)

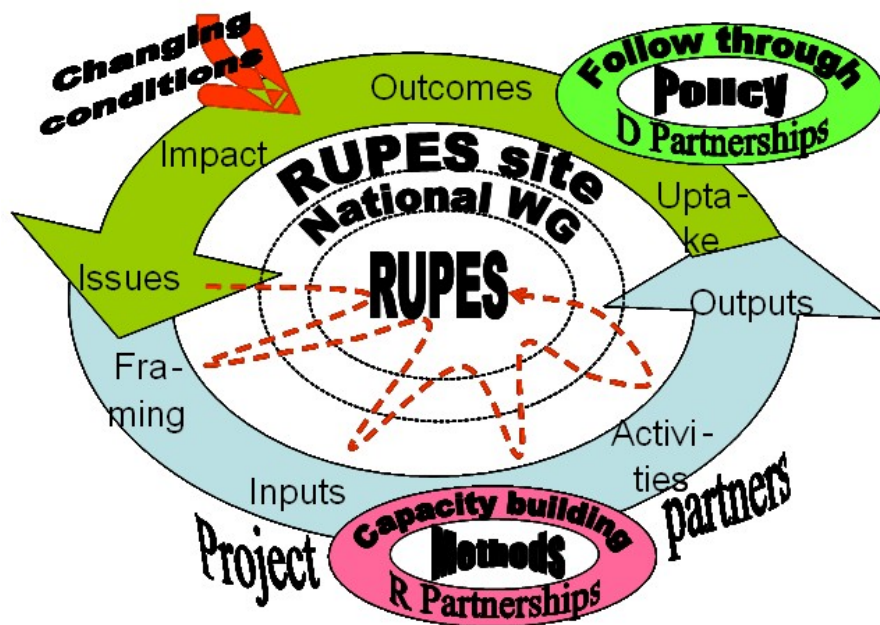
I am very pleased to have this opportunity to engage with RUPES.  
I look forward to receiving your responses.

Thank you.

With Best Wishes  
Purnamita

Dr. Purnamita Dasgupta  
Senior Fellow  
ICRIER  
New Delhi, India

## Design for RUPES self evaluation – 2006



Towards the end of the TAG, the RUPES project wants to evaluate

- what has been learnt by whom and how,
- to which degree the initial framing and impact pathways were realistic,
- how we used inputs to produce outputs,
- what indications we have that our 'outputs' (will) lead to 'outcomes', and
- how outcomes are expected to translate to positive impacts on the target group

In line with the multi-level structure of the project (sites, national working groups, project team and international steering group), the self evaluation will consider the full project cycle at each of these levels.

As you have been involved in an expert capacity with RUPES, we would value your responses as a part of the evaluation, conducted in a question-answer format. We request you to reflect on your experience and engagement with the entire process of RUPES. The idea is to have an independent assessment of the attribution question.

We understand that the various reports that are due at the end of subcontracts will provide more detail on several of the questions. What we are looking for here is key points on which you would like to focus in the response to each question below. Any point that you feel needs to be elaborated upon in detail will also be most useful and you may provide these separately. You may also refer to existing reports as attachments, highlighting the relevant section in the report.

The questions follow the sequence in the project cycle as illustrated above. Some of the aspects that you may wish to reflect upon are mentioned below. This is not to suggest that you should restrict yourself to these. We would appreciate any new dimensions that you feel are critical to this review and have not been adequately addressed or left out.

## ***1. Framing & impact expectation***

The RUPES impact is its measurable indicators for the RUPES goal. The RUPES Goal is to:

Develop new mechanisms for enhanced livelihood and resource security of poor upland communities in Asia

- Increased income and food security, ensured security of access to land, and better welfare of households and communities managing environmental services in upland watersheds
- Improved and safeguarded environmental values including hydrological/watershed functions, biodiversity/landscape, and carbon sequestration

Questions:

1a. Does our current understanding of the impact potential differ from when we started?
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1b. What contributed to the shift, if any?
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## ***2. Inputs***

2a. How did the RUPES project complement / optimize existing resources? Please explain for each point below:
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- Community level factors – e.g. gender, social cohesion & community understanding, conflict resolution, local institutions : to what extent did have the (supportive/enabling) conditions at the community level been optimized to support the RUPES site level activities.
- Human resources – skills, knowledge levels, practices
- Technical inputs – scientific, legal, economic & environmental
- Financial inputs
- Complementarity with previous / ongoing projects (ICRAF)
- How did RUPES optimally involve in the partnership with current partners?

2b. Were resources in line with ‘deliverables’?
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*Hints*

- You may refer to the outputs and outcomes in answering this question.
- You may wish to distinguish between the short term achievements and long term goals in answering this question.

## ***3. Partnership, capacity building***

3a. How was the experience with initial capacity building for the partnership? This refers to the initial Regional Workshop of RUPES in February 2002, a series of national workshops in Indonesia, the Philippines, Vietnam, Laos in 2002-2003 and a regional training workshop in Chiang Mai in 2003.
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- Coverage of stakeholders
- Advisory inputs (work plans; writing workshops)
- Sequencing of capacity building activity e.g. workshops, training
- Networking (communication strategies for local level)
- Flow of information, information systems

3b. Did we do enough to form diverse, competent teams [ISC at international level, two national networks and technical advisory groups at the site level] for all tasks?

- Matching teams with tasks
- Tie-ups of RUPES with commitments and capabilities from ICRAF, others

#### ***4. Activities***

4a. Did you have to adjust initial schedule of activities? Did you experience any delays in your activities under RUPES project?

- In relation to sub-contract dates
- Reasons for doing so

4b. Were all essential activities accomplished?

Consider key learnings from the 5 components and associated activities:

- Relatively easier tasks
- Relatively difficult tasks
- Time frames for tasks

#### ***5. Outputs***

5a. Did you achieve the planned outputs?

- listed in reports
- capacity built (undertaking negotiations, agreements)

5b. Did you obtain any additional outputs?

- listed in reports
- any other – studies, process documentation, website, media, policy briefs, radio programmes, video, newsletter
- Site-selection design, WTA research design, Participatory Analysis of Poverty and Livelihood Dynamic (PAPOLD)
- Cross-site synthesis, training manuals, resource surveys
- Conceptual framework for economic and environmental valuation

#### ***6. Uptake***

6a. Do you know where our ‘outputs’ went beyond the project circle?

You may also like to comment on activities and mechanisms which enhanced adoption of the outputs from the project, and helped in translating these into outcomes. These may for instance include:

- adoption of scientific practises
- interest in tools developed within RUPES
- possibilities for further research – action research, Ph.D students
- interest in ES from state and para-state organisations
- Drafting regulations for environmental services in Indonesia, for instance; TEC Indonesia to give CDM advice

- Promoting dialogue with investors in financing environmental conservation
- Policy advocacy by National Technical Committees
- Innovative forms of dissemination – stories, comics; local language translations of communication materials
- Co-organised workshops, wider dissemination

6b. Did we do enough to enhance ‘uptake’ and policy follow-through?

**7. Outcome** – These could be linked to outputs through mechanisms such as policy follow-through; impacts and learnings for wider replication

7a. Do you have evidence of ‘outcomes’ of the RUPES project? (by other actors, based on our outputs & efforts)

7b. Was initial stakeholder analysis sufficient to target key outcomes? [‘initial stakeholder analysis’ refers to all concerned stakeholders who could play a role in achieving outcomes]

- Level of understanding of ES
- Impact potential

**8. Impact indications**

These would tell us how outcomes have improved lives and landscapes of the ultimate stakeholders..

8a. Do we have indications of impacts on poverty reduction?

- You may refer to question 1 for the RUPES target impacts
- Reducing vulnerability – nature, institutions / social, livelihood
- Preserving cultural and ethical values
- Correcting for power imbalances
- Reducing inequities
- Increasing access to credit, markets
- Increasing asset values and tenurial security
- Assistance with tangibles (hydropower ; IPR)

8b. Do we have indications of impacts on environmental conditions?

## ***9. Internal process***

### 9a Main challenges we had to overcome

- Adapting mechanisms to local conditions
- Making reward policies simple and easy to handle
- Within community conflicts
- Short term adverse livelihood impact for any stakeholder
- Main bottlenecks

### 9b Key factors contributing to success

- Environmental, Economic, Social
- Can also consider role of tools developed (RABA, RHA, FALLOW); Government policies on land –use/ CPR management; intensive site-selection exercise
- Most effective mechanisms
- Most effective interactions – community; RUPES, Policy level
- Site-level participatory poverty analysis
- Feedback from outside project circle and revision of framework
- Demonstration effects of success stories
- Financial resource sufficiency

## ***10. Next steps***

### 10a. What do you see as most important next steps (if any)

- Improving relationships among buyers and sellers, between local traditions and state policy
- Reducing transactions costs to attract more agents, multilateral/ bilateral agencies, donors for instance?
- Continued monitoring of the reward mechanisms
- Main bottlenecks to further progress on the reward mechanism
- Matching objectives with expectations
- Learnings on the role of “brokers” in developing markets/ reward mechanisms
- Further policy advocacy plans – linking to forestry laws and governance
- Legal foundation
- Multilateral Environmental Agreements and Millenium Development Goals
- RUPES phase II – continuing learnings and existing sites; new initiatives; assessment of mechanisms and impacts; organised data sets from sites
- Linking with state, para-state and political involvement
- Linking with other programmes (e.g. land rights based initiatives)

10b. What changes in the RUPES partnership would be desirable for better achieving our goals?

**Additional comments**

**Attachments**