



RUPES Phase 2

Project title:	Rewards for, use of and shared investment in pro-poor environmental services, phase 2
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Background

Asia is emerging as the main engine of economic growth in the world. Despite this new-found wealth, two-thirds of the Earth's poor still live in this region. Efforts to protect the natural environment have too often not only failed but also entrenched rural poverty by excluding the poor from the very resources they rely on for their livelihoods: forests, water and land.

The concept of rewarding people to protect or enhance environmental services that benefit businesses or the wider population has much potential. The challenge is devising schemes that actually work in practice and can sustain themselves without ongoing external funding and institutional support from development agencies and NGOs.

The 'Rewards for, use of and shared investment in pro-poor environmental services' (RUPES) is a long-term research program dedicated to developing practical environmental services schemes that can be adapted to work in different countries with different circumstances.

Over five years (2002–2007), the program's first stage, RUPES 1, built working models of best practice at six sites in Indonesia, the Philippines and Nepal and studied experiences at another 12 'learning sites' across Asia.

RUPES 1 had significant achievements with schemes involving rewards for watershed-related environmental services, such as water quality and quantity for hydro-



Women farmers in Nepal. (Photo: Beria Leimona)

electric power stations and downstream urban populations. One of the keys was defining the environmental services, where and how they originated and the beneficiaries.

RUPES 1 also identified, and started to address, constraints such as lack of political will, institutional capacity and a supportive legal framework, limited financial resources and even limited community interest and commitment. The establishment of independent national networks in Indonesia and the Philippines,



Woman farmer in Jambi, Indonesia. (Photo: Irma Nurhayati)

where opinion leaders from different backgrounds can meet and pave the way for inter-sector cooperation, proved to be effective in breaking down these constraints.

A list of criteria and indicators was also developed, to better identify 'realistic, conditional, voluntary and pro-poor' rewards that are relevant to the target 'sellers'.

RUPES phase 2

The program is now moving into its second phase. RUPES 2 will build on the successes and lessons learned in RUPES 1, consolidate its gains, and reach out to additional partners for widespread global adoption of rewards for environmental services schemes.

The research target group is indigenous forest dwellers and smallholder farmers in less productive environments that are vulnerable to environmental degradation and climate change. Activities will seek to improve these communities' knowledge, institutional and social capital through participating in rewards for environmental services schemes.

The project components will be arranged according to the nature of those whose behavior needs to be influenced: regulators (national policy), (potential) buyers, intermediaries and potential environmental services sellers among the rural poor. Follow-up activities will include further testing of the criteria for 'realistic, conditional, voluntary and pro-poor' rewards, development of site-specific indicators and expanding national institutional capacity to act as intermediaries and brokers in cost-effective ways. These activities will help inform other prototypes for environmental services rewards schemes.

RUPES 2 objectives

1. Influence national policy frameworks to be conducive to realistic, conditional, voluntary and pro-poor rewards for environmental services.
2. Engage international and national buyers and investors through increased recognition of the business case for investment.
3. Document good practice and support capacity building so that intermediaries, such as interested local NGOs and local governments, can facilitate environmental services rewards schemes without excessive transaction costs.
4. Innovate effective, efficient and 'pro-poor' mechanisms.
5. Integrate rewards for environmental services into rural poverty alleviation strategies and programs initiated by international development agencies.



Rural children in Indonesia. (Photo: Beria Leimona)