



DOWNSTREAM USERS  
REWARD COMMUNITY  
DEVELOPMENT AND  
WATERSHED  
CONSERVATION IN THE  
HIGHLANDS

COMMUNITY-BASED  
CONSERVATION  
INITIATIVES IN THE  
HIGHLANDS HELP ENSURE  
WATER QUALITY AND  
AVAILABILITY FOR USERS  
DOWNSTREAM

# Rewards for water-related ecosystem services from the Andean highlands

**Water flows in Peru's Cañete basin**  
How do we balance use of ecosystem services—such as clean water—with preservation of the environments that provide such benefits? In the Cañete river basin on Peru's central coast, partners are working to do just that. Water in the basin comes down from the Andean highlands, recognized for its valuable biological diversity, its role in hydric regulation, and for its role in supporting community livelihoods. The benefits accrue to people further downhill through hydropower, tourism, agriculture, domestic and commercial use.

**Fund for Rewarding Ecosystem Services**  
To ensure land at the top is effectively and equitably managed by the communities that live there, Peru's Ministry for the Environment (MINAM) with the CGIAR Research Program on Water, Land and Ecosystems (WLE) and the International Center for Tropical Agriculture (CIAT) have developed a Fund for Rewarding Ecosystem Services. The fund combines an IFAD and GEF endowment with payments from downstream users to reward communities in the upper basin for restoration and conservation of the watershed.

**Law on Rewards Mechanisms for Ecosystem Services**  
Looking beyond the Cañete basin, the partners supported the development of a Law on Rewards Mechanisms for Ecosystem Services, which was passed by Peru's Parliament in 2014. The law establishes mechanisms by which ecosystem service users, such as businesses and city dwellers who depend on reliable water, reward ecosystem stewards, such as upland farmers who maintain and preserve the ecosystem. The mechanism is applicable across all 53 coastal river basins in Peru.



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