



**Developing Incentive-Based
Mechanisms
for
Watershed Protection Services
and
Improved Livelihoods
in
India**

**A collaborative research project
of
Winrock International India
&
International Institute of Environment
and Development**

Highlights

- Piloting incentive based mechanisms at action learning sites in two states
- Policy Research
- Focus on
 - rural micro-watersheds
 - urban water supply catchments
 - hydro power project catchments
- Dissemination of lessons learnt



What are watershed protection services? Watershed protection services include regulation of water flows, improved water quality and control of soil erosion. They provide considerable benefits to downstream users, including Water Boards and hydro projects, their consumers, as well as village communities. Upstream providers, however, often face opportunity costs.

What are incentive-based mechanisms for watershed protection services? Central and state governments have traditionally expended a significant amount of public investment and regulatory effort (e.g. watershed treatment projects and formation of national parks, respectively) to realize the benefits of watershed protection. Recognition of the limitations of these approaches has led to an increasing interest in incentive-based mechanisms, including payment and market based approaches for the management of land and natural resources.

Incentive-Based Mechanisms for Environmental Services try to value the services provided by land and resource managers big and small and the opportunity cost of providing them. By creating a resource flow from service recipients to providers, appropriate forms of compensation can encourage upstream providers to sustain watershed protection services by modifying land and resource management activities that influence the quantity (overall as well as distribution in space and time) and quality of downstream water.

Purpose. The project purpose is to enhance understanding of the potential role of incentive-based mechanisms in promoting the provision of watershed protection services for improving livelihoods.

The purpose will be achieved through action learning in the process of facilitating the development of incentive mechanisms at 3-4 sites in 2 states, as well as providing the opportunity to reflect on lessons learnt. Lessons and experiences will be shared at state, national and international levels.

Location. The action learning sites are in Kangra district of Himachal Pradesh, and around Bhopal town in Madhya Pradesh.

Duration. The implementation phase runs from October 2004 to June 2006.

Partners. The international partner is the International Institute of Environment and Development (IIED), UK. In India, the concept is being tried in collaboration with various partners including the Changar Project implemented by the Himachal Pradesh Eco Development Society, the Lake Conservation Authority in Madhya Pradesh, and the Indian Institute of Forest Management (IIFM), Bhopal.

Funding. The project is being funded by DFID.

Further information

More information can be found at www.winrockindia.org/ibms_wps.html and www.iied.org/forestry/research/projects/water.html
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