



Flows

News on Payments for Watershed Services

Supported by the International Institute for Environment and Development (IIED) and the World Bank, Bank-Netherlands Watershed Partnership Program.

Review: Using Payments for Watershed Services to Build a New Economy: Anticipating Lessons from the Danube

With Pablo Gutman (as guest co-author)

Beginning in the Black Forest in Germany, the Danube is the second longest river in Europe (2780 km) and the largest contributor of both fresh water and pollution to the Black Sea, in the southernmost part of Eastern Europe. Through the centuries, the Danube and its floodplains have also been extensively altered for flood control, agriculture, navigation and hydropower development. Still, it remains a source of drinking water for 20 million people, and in its middle and lower sections harbors Europe's most biodiverse fresh water and wetland ecosystems. In the highlands, one quarter of the Danube catchment lies in the Carpathian mountains, including the Tisza and Vag sub-basins. These basins are sources of high quality water and are home to the largest intact montane forest in Europe, which boasts a rich mega-fauna including bears, wolves, lynx, and wildcats.

Rapid land use changes are now taking place in this region. Both abandonment of marginal lands and land use intensification in the more productive areas, together with rapid infrastructure developments are jeopardizing the conservation or restoration of many valuable landscapes. Fortunately, many new opportunities to improve both natural environments and rural livelihoods are arising. For example, the new eastern European members of the EU will need to catch up with a core body of environment and rural development policies as a condition of accession to the EU. Among these is the European Water Framework Directive (WFD), which sets an objective to achieve good ecological and chemical status of inland and coastal water bodies by 2015. This Directive is playing an important role in the economic and policy integration of the 17 countries that occupy the basin of the Danube River.

Furthermore, recent reforms to the EU Common Agricultural Policy also serve as an important window of opportunity for lower Danube countries to tap into EU financing. Through this, Romania and Bulgaria are scheduled to receive approximately €8 billion over a seven year period for rural development and conservation. 25% of this amount is designated for environmental and land management activities, providing that domestic sources of co-financing are made available. These funds provide an opportunity to implement a system of payments that benefits farmers who supply watershed-related ecosystem services. These payments will hopefully be made contingent on the delivery of results from the implementation of conservation measures. This will require the development of a monitoring system, to determine whether the desired outcomes are being achieved, and whether governments and taxpayers are getting value for their money. Additional funding will be available under the WFD to support the preparation of river basin management plans and implementation activities, which may reinforce the appeal of payments for environmental services (PES) and integrated river basin management schemes in the Danube.

Recognizing that these changes present an opportunity to further conservation goals, WWF has taken up the challenge to contribute to the development of a new economy in Europe that both supports local populations and recognizes the value of ecosystem services. This is being done through a network of pilot projects, including three in the lower Danube countries. It also builds on WWF's work over the past 12 years in the lower and middle Danube region, which has included the development of a conservation strategy (endorsed by all of the lower

Danube countries) to establish a green corridor; restore valuable floodplains and wetlands; and support upland forest conservation and low impact traditional agriculture.

To further build on this momentum, a new project, financed by the Global Environment Facility, will be undertaken in 2006-2009 to help government agencies, farmers and business to develop payment schemes, land use plans and monitoring systems. The Danube PES project is also expected to build stakeholder capacity in the region, and provide valuable lessons for other large international basins.

References and further information

WWF in the Danube Carpathian:

[WWF's work in the Danube-Carpathian region](#)

[WWF MPO project on Payments for Environmental Services](#)

WWF One Europe More Nature Project on the Danube Upper Sub-basins:

[A Policy Field Guide to Sinca Noua and the Tagla Mountains](#)

[One Europe, More Nature in the Tisza River Basin, Hungary](#)

WWF Danube PES project:

[Why the Danube Basin and Why Payments for Environmental Services?](#)

[The goal: To conserve rural environments and improve rural livelihoods](#)

Other references on the Danube:

[International Commission for the Protection of the Danube River](#),

Murphy, I. L. (1997). *The Danube: A River Basin in Transition*. Boston, Kluwer Academic Publishers.

Feedback and Commentary

If you have a good rule-of-thumb, or other comments, please send them to comments@flowsonline.net for inclusion in the next bulletin. We also welcome input and references for forthcoming bulletins.

New Resources:

Managing the Commons: Payment for Environmental Services. One of 4 volumes produced as follow-up to the Tenth Biennial Conference of the International Association for the Study of Common Property (IASCP) which took place from August 9-13, 2004 in Oaxaca Mexico. More information can be found on the order form, which can be downloaded [here](#). For more information, please send an e-mail to: managingthecommons@booksfrommexico.com.

[4th World Water Forum](#) – see also: [IISD coverage and summary report](#)
[Conservation Finance Alliance](#) website

[Ecosystem Marketplace](#) – recent feature articles about PWS:

[Taking Flight in Costa Rica: Alvaro Umaña](#). by Cameron Walker [A profile of the person who launched the notion of ecosystem services in Costa Rica.]

[Sandra Postel: A life aquatic](#) – by Cameron Walker

[Payments for Ecosystem Services in Rural Africa](#) - by Jennifer Austin

[The Big Red Barn in the Great Green Field: Green Payments and American Agriculture](#) - by Erik Ness

[Breaking News: U.S. Mitigation Banking Regulations Released](#) - by Amanda Hawn

The Ecosystem Marketplace also contains recent news items regarding markets for ecosystem services – news about water markets can be found at [this link](#).

About the Flows Bulletin

The Flows Bulletin is produced by Sylvia Tognetti, an independent consultant on environmental science and policy, with the collaboration and support of [IIED project on Policy Learning in Action: Developing Markets for Watershed Protection Services and Improved Livelihoods](#), and the World Bank, through the Bank-Netherlands Watershed Partnership Program.

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