



FORO

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Environmental Services as a Development Strategy and as a Political Strategy in Mexico

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In Mexico we're likely to be in the early-Spring of "Payment for Environmental Services" (PES) as a neo-agrarian policy formulation. The disappointments around the Kyoto Protocol notwithstanding, the Mexican government – riding on the enthusiasm of the World Bank – is increasingly committed to this liberal-inspired conservation strategy. Positions on the part of Mexican civil society organizations (OSC) range from eager to phobic. In the organization I represent, FORO para el Desarrollo Sustentable, we view Environmental Services as a potentially important instrument for achieving environmental goals linked to Reform of the State.

In this paper, I draw on conclusions from a collaborative research project on PES¹, which served as the basis for *consultation* with Chiapanec Indian social-propertyholders on their views regarding ES strategies. I highlight political considerations, including collective property rights, that need to be addressed in the course of valuating ES as a potential development policy option, particularly as relevant for Indians.

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Regarding the "PES" concept, I construe "payment" here broadly, as "recompense", which could take non-financial forms, though in this study we do not reflect on the effects of non-monetary payment alternatives.

I. Context

Characteristics of Mexico that we should keep in mind include:

- This is among the 12 richest countries in the world in biodiversity.
- Roughly a quarter of the population is rural and most of the Indian population (10-12% of Mexicans) resides in the countryside. (Official estimates show the population stabilizing in 2050 after growing by 30-50% – to as much as 150 million.²)
- Over half of the national territory is held in a social-property regime.³
- The South, with disproportionately high Indian population, is rich in water and forest but far below average in per capita wealth.

Mexico's commitment to export-led growth based on privatization – and ridding the countryside of excess population – is well-established. In the watershed elections of 2000 and the repudiation of the 70-year-long run of the highly corporatist Partido Revolucionario Institucional (PRI) the winning opposition party did not challenge the economic model, though it did make sounds about seriously rethinking social-political systems along tolerant liberal lines. Hopes of structural reform of the state, however, foundered on the shoals of entrenched sectoral interests and lack of leadership.

Government policy regarding the countryside has long been based on extracting resources and excess labor toward the industrialization of the country, but with an idiosyncratic recognition of the political force of the peasantry as a hallmark of the Mexican Revolution. Commitment to the small-scale farming sector was recast as *economically inefficient* by the 1980s and there was a remarkable shift from a protective to an anti-campesino stance, taking the form of pincers: eliminating input and marketing services and subsidies and putting credit in the hands of private (now international) banks – projecting unfavorable rates of return for peasants. The National Project today calls for a last shove of the small-farmers off the land – much of it, certainly, ill-suited for conventional farming – with the hope of a further boost in industrial-and service-sector output in Mexico and (through migration) in the United States.⁴

And yet, the small-farmer sector is showing some notable signs of reorganization and political resurgence. The coffee-growers have weathered best the 20-year purge, due to an extraordinary self-organizing capacity in their marketing-production cooperatives, and the luck of the emerging organic market. Common cause was made in 2002 among all

² Demographer Rodolfo Tuirán estimates a population of 150 million; President Vicente Fox estimates 130 million. Reproduction rates are now at 2.16 children per woman. It should be said that approximately half a million Mexicans leave the country annually in search of work. (El Reforma, 22 July 2004)

³ Social property is formally owned the nation-state, use rights are awarded to the communities; management rights are shared. More is said on this in the next section.

⁴ An iron agrarian policy is alloyed by a social safety-net for much of the rural poor. The State declared an end to its commitment to land redistribution more than a decade ago and PROCEDA is the flag-ship agrarian program designed to induce the privatization, legalized parcelization of social property. Instead of subsidized prices for basic goods, Mexico is, in fact, an innovator in targeted direct subsidies (including women as direct beneficiaries and inducing family investment in health and education).

agricultural sectors resulting in mobilization – under the slogan “The Countryside is Fed Up” and negotiation of new investment in the sector by government which, now a year later, is seen to be only partially fulfilled.

Environmental policy in Mexico has evolved quickly in this same 20 year period, responding to the global conservation focus (having signed all relevant international treaties, and suffered its share of environmentally-related trade disputes) and, only much more recently responding to domestic pressure. There is more money for more protected areas than a decade ago. Oil and tourism – the two biggest revenue-producers – have ceded some small claims to enforced environmental principles. Experiments with semi-decentralized agencies in control of water and forest resources have led to increased exposure to the law on the part of their exploiters. (Government figures still show that over 40% of the wood on the Mexican market is from illegal sources.⁵) The official goal is to reach “forest equilibrium” by 2006, while the UN environmental program alerts us that Mexico is at risk of losing its “forest patrimony” within 30 years.

II. Myth and Reality of Social Property, particularly of Indians

The ejido and the Indian communities are, formally, land and above-soil resources owned by the State and collectively-managed and labored. (Sub-soil resources, of course, are only accessible to the State.) In reality, most ejidos and communities – I shall call them all “communities” – are largely parceled and, in good measure, individually-“owned”, the terms of this ownership being regulated by customary law, as it is, in turn, situated within municipal civil law and federal agrarian law. Of course, there is tremendous variety, and creative mixing of individual and collective rights, found in the property concepts applied through customary law.

The biggest factor in the changing concepts regarding real property is probably community differentiation and even dis-articulation. Tremendously powerful factionalizing forces emerged in the traditional community at least a generation ago, constructed as religious and political partisanship, and including emerging class-differentiation as well as (sometimes even massive) migration. The modern campesino society is a radical departure from the closed-corporate community.

One important, positive aspect of the modern peasant community is the rise of the voluntary organization – those grassroots groups mentioned earlier, often the cooperatives of producers in order to market collectively – which combine economic, social and political motives as engines of concerted action: a sort of countervailing measure to all those forces of disintegration mentioned above.

It is very important, in terms of visualizing a rapidly evolving property regime in rural Mexico, to note that, whereas emphasis, since the Revolution, had lain on the class-nature and its production system, of the social-property community – that is, its nature as *peasant* lands –, now, with that historic political-economic commitment eroded, it is quickly being

⁵ José Luis Luege Tamargo, of Profepa, cited in *El Reforma*, 22 July 2004.

replaced by the emphasis and justification of the social-property communities in terms of their ethnic nature, as *Indian* lands. This is, of course, a bottom-up popular response, the reclaiming of Indian identity.

The *legal* basis for this new ethnic-defined collectivity has a rudimentary foundation but an incomplete structure. Article 4 of the Constitution was modified a decade ago to recognize Mexico as a multi-cultural society. The great launching of a negotiated construction of Indian Peoples' autonomy, however, was aborted with the unsatisfactory adaptation of the San Andres Accords (agreed by Zapatistas and federal government) into the largely still-born Indian rights law of 2001. Though progress toward recognition was undoubtedly made negotiation is pending around the recognition of the Indian communities' *right* to control over their natural resources, sufficient for maintaining their way of life in a dignified manner.

III. Environmental Services into the breach

The prospect of internalizing environmental services into the national (and international) economy is finding an uneasy insertion into the previously constituted Mexican constellation of agrarian, agricultural and environmental policy and the social responses to same. If it's an international market, Mexico is, by its present nature, interested. If it is prolonging the existence of "inefficient capitalists" on the land, no.

Might those self-same actors, the peasant-Indians, be efficient producer/providers of ES?

As part of an interdisciplinary team with a sociological bent, I participated in studying five cases of "Payment for Environmental Services" in southern Mexico in 2001. All were initiatives generated by civil society actors on social-property lands: carbon capture in Chiapas, three cases of eco-tourism in Oaxaca and Veracruz, and one integrated environmental-services program in Oaxaca. We came away with a few answers and many questions regarding PES as a sustainable (i.e., efficient) development strategy.

Lessons learned:

- Environmental services – whether carbon capture, hidrological, biodiversity or scenic beauty – constitute new markets for peasant producers. They imply a re-conceptualization of the peasants' economic functions and even of the campesino-Indian identity. This *may* imply a shift toward a more positive identity. But it always represents a complicated social process that must be factored into the sustainable development model.
- The nature of these new ES markets suggests that the "intermediary" function, often of professional-service NGOs, is important and possibly necessary at the beginning. The further removed the buyers, the more so. Selling captured carbon requires entry into a complex production-marketing chain. Ecotourism brings the outside-buyer to the community. In all instances, the double function of two-way *interpreter* and *guarantor* for the quality of the service may "naturally" fall to

professional intermediary civil organizations. This, too, should be factored into the development-promotional model.

- The peasant collective producers compete with individual capitalist producers of environmental services. The investment and transaction costs (as indicated above) are likely to be higher for the campesinos. On the other hand, the “social capital” of experienced peasant-Indian organizations may well pay off in the final quality and durability of the service. In any case, *niche marketing* is a crucial strategy (for example, eco-tourism combined with ethno-tourism). Even in the case of carbon capture, economically speaking it is probably only possible for peasants to compete with individual capitalists when a fair trade-type premium – for the service being rendered collectively, by Indians – is added. There would be a special market for “carbon capture-plus” or “biodiversity-plus”.⁶
- While Mexican law permits the marketing of ES, there are lacunae in the legal framework which limit the development of the strategy. Furthermore, the generalized extension of the strategy depends on the construction of a level of demand that can only occur with large scale government action. In essence, the environmental movement and some parts of the bureaucracy are up against the financial/business sector and the rest of the bureaucracy: no contest.

As a result of the investigation and case studies, both technical and socio-political issues arise:

- What are the real, environmental impacts of the ES activities?
- How should the environmental services be valued?

There would appear to be two possible calculations of opportunity costs: the value of the missed opportunity of the peasant (based on, say, the subsidized or real price of corn) or the value of the missed opportunity – become a necessity, here – of the national economy (based on, say, the construction of a new dam).

- What are the impacts on peasant Indian society of putting a market value on ES?

(In reality this question could be framed still more widely: what are the impacts on human society of marketing ES?) There are serious concerns on the part of some environmentalists and others about the wisdom of using (ever more) market mechanisms to achieve environmental objectives. The situation is complicated by the fact that the producer organizations – particularly the poverty-stricken campesinos – are more inclined toward cash payments (increasing the confusion of PES with classic safety-net subsidies), while socially-oriented environmentalists (especially those opposing globalization) would reject the further monetarization of the Indian rural economy, or at most, offer non-monetary compensations (such as public services or tax breaks).

IV. My read on the Indian read on ES

⁶ Needless to say, there are serious difficulties inherent in extending this to international markets, precisely for the principles of the World Trade Organization and related treaties which prohibit or discourage the distinction of a product – the attribution of an inherent quality to the product – based on the manner in which it was produced.

A project of FORO para el Desarrollo Sustentable – a neo-environmental non-profit organization in Chiapas devoted to promoting agroecological practice and policy – offers some insight into how Indian peasants understand and respond to the proposal to “economicize” environmental services.

Beginning two years ago, we offered workshops proceeded by facilitation of consultations with representatives of peasant Indian organizations to understand and reflect upon the “offer” of payment for environmental services (PES).

The reactions were of a Trojan nature: interest and suspicion. Obviously, the *interest* was almost entirely grounded in the payment. The *suspicion* was more diffuse in nature, but decidedly grounded in property concepts, as well as social-identity issues.

I want to stress, fundamentally, the *paradigm-shift* implied in PES.

That is, at first there is naturally a resistance to seeing a paradigm change, and the first effort is rather a decoding of the ES proposal as a variant of well-known *development strategies*. There is a long-standing tradition of government paying Indians to plant trees which –finger-waving aside – has long been understood as replenishing usable resources for firewood, construction, etc. It is for their own benefit. It is a sort of subsidy, and quite welcome as such, as any subsidy-receiver knows.

As a local environmental strategy, it was also familiar. Planting trees is known to arrest erosion and the relationship between forest and water was quite readily believed.

The paradigm-shift was forced upon the campesino Indians consulted when emphasis fell on outside actors. Understanding carbon-capture was a challenge not so difficult, but its acceptance was a stretch. It generated such remarks as:

- “They’ll pay us for that?”
- “And how are we supposed to live for the 20 years until the trees can start to be cut?”
- “When they talk about “payment” it implies “selling” the ways of Mother Nature. We can’t claim nature’s work. But we have no problem with our own work helping nature being recognized.”

That relationship between the local actions with the larger ecologically-understood world is of course the essence of the ES proposal. The real justification for ES is only very secondarily the benefit to the peasants; it is primarily the remuneration for very real services to the non-peasants down-stream, or those paying for ecotourism, or to the World facing global warming. In other words, it’s a renegotiation of social relations, based on property rights, and involving recasting ethnic-class identities.

As long as the outsiders’ benefits are implicit, ES remains disguised as a mere development-strategy additionality. The promoter of ES may be paraphrased, “You folks are poor Indians. You now sell weavings, or go off to work. If it’s true that your

customs make you forest-guardians, you've got a future as micro-entrepreneurs of a new Indianness.”

The problem with this proposal lies in the fact that it contravenes that central part of the notion of Indian identity based on economic role, as it has been historically constructed. Economic relations (income generation, for Indians) traditionally occurs by:

1. Selling labor off-the-territory, or
2. Selling products or resources from the territory.

The importance of this neat separation is that it leaves the territory itself inviolate, and thus the basis for Indian collective identity and autonomy. PES, of course, flies in the face of the conceptual modality, as it is a contractual arrangement to labor in the territory to sell a service of the territory.

It is often said that PES is misconstrued as simply a rental arrangement. True; it is also an unorthodox cottage industry where the equivalent to the weaving (which should leave the territory) IS the territory.

It would seem that this is why the ES proposal runs the risk of getting construed as a sort of *dispossession/bondage*, being a reaction to the transgressing of “Indian” notions of proper work for income. (Whether this negative reaction is mollified by the proposal of non-monetary compensation remains to be consulted.)

The great salience of this concern is due to the fact that the actors in question have been stripped of their long-respected campesino identity, as unviable. They have taken refuge in their *Indian* identity, knowing full well that their territory is the ethnic attribute that strategically interests the larger society. They are therefore in the midst of constructing their territorial- and ethnicity-based *right to autonomy* as their chief vehicle for a new political inclusion in the nation. That logically means eventually instituting a reform of the State. But, as part and parcel of the negotiation in which that reform will occur, it is inevitable that there be a revision of the Indian economic situation vis-à-vis the whole.

We are forced back to basics. It would seem – at least in much of Indian Chiapas – that until the interrupted negotiation regarding Indian autonomy is resolved, the acceptance and proliferation of PES is unlikely. If we don't ask it to do all the work alone, however, Environmental Services could well become a significant tool for that eventual Reform of the State. It should be an important concept in that eventual negotiation, as it is a malleable model integrating economic, territorial and reconfigures the relation in that it “compensates in recognition of territory” (collective property). But only if it is cast in a *rights framework*; it is not sufficient, or will remain ineffectual, if limited to a development strategy.

V. Summary and conclusions

Mexico is an interesting “case” for studying the opportunities and weaknesses of Environmental Services as a development strategy because

- The resource base is among the richest in the world, clearly suggesting potentially strong markets in ES.
- Much of that resource base is owned, as “social property”, by a large, socially- and politically-important population (Indian, in large numbers), which is defined as a primary beneficiary target for development strategies.
- That campesino Indian population possesses impressive “social capital” in the form of its multifarious social organizations.
- Furthermore, and complementarily, Mexican civil society also has “social capital” in the form of “NGO” environmental and other civic organizations capable of functioning as ES promoters and intermediaries.

Not surprisingly given these positive contextual conditions, Mexico is a leader on the ES front. The Mexican government has identified ES as a strategy to be explored and – at this point – further built upon. The legal framework is fairly enabling; with foreign funding (particularly from the World Bank), pilot projects are in process of scaling-up. On the other side, civil society-originating bottom-up ES projects exist with the originality and struggle that we have come to expect. Lessons learned are important for operational success, and include:

- Recognize the great investment (in time and resources) necessary for development and participation (especially by collective actors) in a new, “strange” set of markets;
- Differentiate and recognize roles of necessary actors: social and civil organizations and government, particularly.
- Worry about the costing of ES: is the “lost opportunity” the subsistence activities of the peasantry or the alternative investment in infrastructure?

Environmental services, as a development strategy, has shown itself, in various experiences, to empower members of disenfranchised populations through their social organizations while introducing or validating good environmental practice, policy, and values.

Oddly perhaps, the strongest opposing voice to ES, in Mexico, has not been the business sector – naturally concerned about the economic effects of internalizing the “externalities” ES.

The Indian social-property-owners, still *sotto voce*, are the essential stakeholders least committed to policy-level extension of the ES strategies. The policy, and the political work, has not yet been done. PES has not been “deconstructed” as a policy choice, and consensus is impossible without understanding specifically its implications for:

1. land tenure and agrarian policy, including collective rights
2. environmental policy, especially in its relation to agriculture, and
3. economic and social development policy in general.

Conditions are not propitious. On the one hand, the government is closed in on an economically-conceived and -driven notion of its mission. On the other hand, the rural property stakeholders are too weakened to even be effective negotiators.

Recognition of the environmental imperative is our best hope for reconfiguring the forces toward the building of new social relations and structures toward Indian autonomy within the nation-state based on all stakeholders facing the inevitability of trade-off between maximum macroeconomic growth and stable, thriving social-political structures.