



# Payment for ecosystem services for an urban water supply watershed: a business case of Rejoso Kita, Indonesia

B. Leimona\*, F. S. Negoro\*\*, B. Lusiana, N. Khasanah, L. Tanika, N. Khususiyah, S. Amaruzaman

\* World Agroforestry Centre (ICRAF)/Forest, Trees, Agroforestry (FTA), Bogor, Indonesia

L.Beria@cgiar.org

\*\* Danone Indonesia, Jakarta

Fainta.NEGORO@danone.com



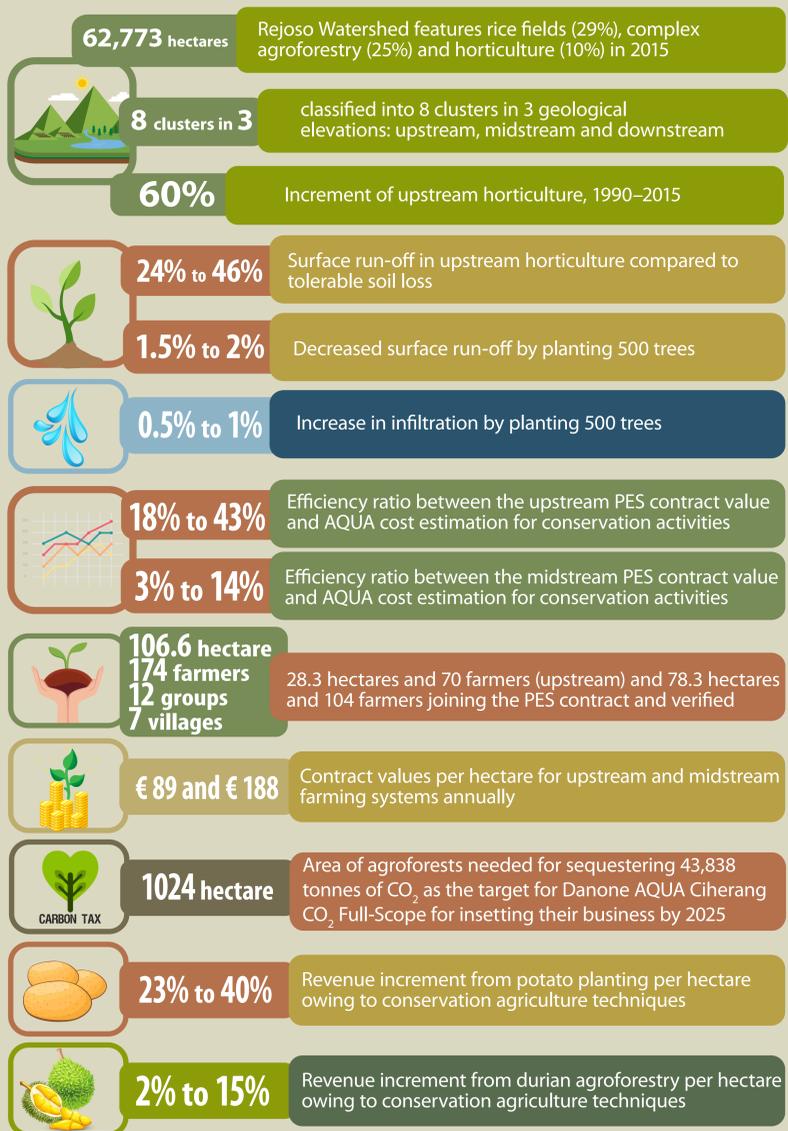
Agriculturally dominated land cover in upper and midstream of urban source watershed becomes key determinants for safeguarding good provisions of ecosystem services and water-related disasters.

Payment for ecosystem services (PES) is an incentive-based scheme as a part of environmental governance tools that enables halting the watershed degradation by creating interrelationships between land managers of source watersheds and the urban users who depend on them.

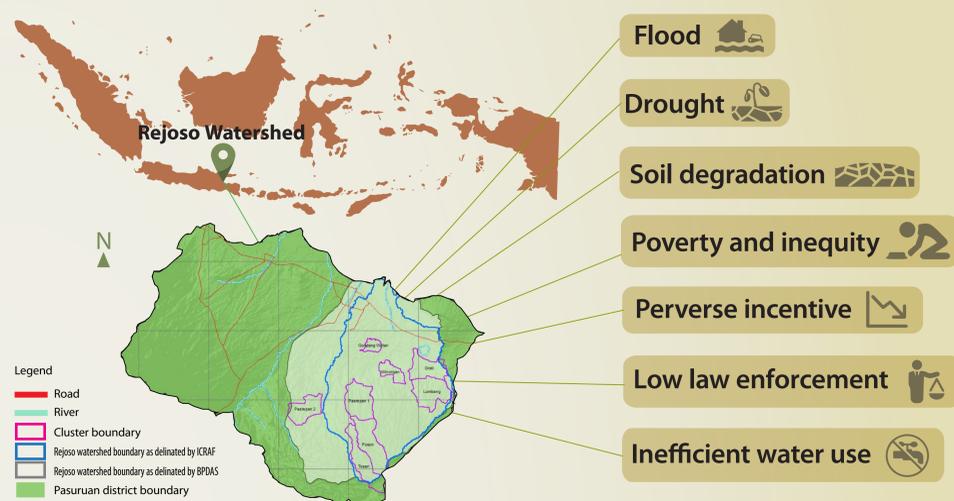
The Rejoso Kita initiative is piloting the PES schemes targeting productive landscapes and smallholders in rural developing country context.

The Rejoso business case is based on information from piloting a payment for ecosystem services (PES) scheme aimed at **stimulating multi-stakeholder co-investment in restoring and maintaining good watershed functions**. The business case presents the benefits of applying **innovations** in setting the PES pilot that enhance **participation and inclusiveness of smallholder** farmers in the programme, link the **scientific approaches to on-the-ground actions** and, ultimately, ensure that the programme is **cost-efficient and effective** in restoring and maintaining watershed functions compared to 'business as usual'.

## Rejoso business case in numbers



## The Rejoso watershed under pressure



## The payment for ecosystem service scheme in Rejoso watershed



A 'roadmap' for further **establishing and upscaling co-investment** in ecosystem services presents four follow-up strategies, which cover further interventions in the downstream of Rejoso to guarantee **comprehensive and integrated** watershed and water resource management that simultaneously enhances **local welfare** and stimulates a **change of behaviour** to reduce the local water footprint.

- Upstream and midstream:** operational and sustainable payment for ecosystem services schemes for increasing watershed infiltration capacity and reducing sedimentation rates
- Downstream:** water resource engineering for increased efficiency and security
- Downstream:** climate-smart paddy rice cultivation (water efficient and low emission)
- Cross-cutting livelihood options:** **upstream, midstream and downstream**

