



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewee: Juan Manuel Torres

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CAMERON: This is Blair Cameron with Innovation for Successful Societies. It is the 24th of March 2015, I am in Mexico City with Professor Juan Manuel Torres. Thank you very much for joining me, Professor Torres. To begin, could you tell me about your first introduction to when were you first working on the idea?

TORRES: *The idea came about the year 1999. We were helping different parties in Mexico to develop sort of an environmental platform for the political process in the year 2000. In the year 2000 when the PAN (Partido Acción Nacional/ National Action Party) Party won the election, there was a team involved directly with the design of several environmental instruments to continue with the very successful policy during the previous administration in the environmental area.*

One of the main topics that this winning party wanted to put into the political instruments was the PES (Payment for Environmental Services Program) and the leader at the time of this working team was the former Minister of Environment and he asked us, a group of three people, to put together a program for PES.

CAMERON: Who was that?

TORRES: *Sorry, it will come to me.*

CAMERON: Okay.

TORRES: *So the group of three that were working on this was Carlos Munoz Pina, Alejandro Navara and myself. Carlos was still a student at Berkeley at that time and he finished, and he got involved in the team in late 2000.*

CAMERON: So Victor Lichtinger was—.

TORRES: *Victor Lichtinger was there.*

CAMERON: So he was the Environment Minister at the time?

TORRES: *No, he was the leader of that team on the study of environmental policy instruments to be applied in Mexico in the first PAN administration and then he became the Minister of Natural Resources and Environment.*

CAMERON: So after the team had designed this policy and built support for it, what was your role then?

TORRES: *Well, we put together a pilot project basically. We asked for help from some professors in Berkeley, Alain de Janvry and Elisabeth Sadoulet, and we asked also for help from guys like Stefano Pagiola at the World Bank. A couple of friends in Costa Rica gave us a lot of help in the design of the program.*

CAMERON: Who were the friends from Costa Rica?

TORRES: *One was Manrique Rojas, he is a Costa Rican working at the University of Las Americas in Puebla at that time. I don't know where he is now. The other guy was a guy from Costa Rica. He was actually one of the first involved in the design of the PES program in Costa Rica. I don't remember his name. It was a long time ago. Renzo is his name; I don't remember the last name.*

CAMERON: Okay.

TORRES: *We basically thought about having a pilot project. Thinking as a researcher, you try to have an experimental design, testing different conditions, site conditions, forest conditions and social conditions, and different pricing, pricing mechanisms. That was the first idea in putting together that part of the project.*

So when the administration started in the year 2000 Victor asked me to become sort of a director of forestry in the administration. By that time I didn't want to get into the public administration in Mexico so I rejected that offer.

CAMERON: Was he asking you to be Director of CONAFOR (National Forest Service /Comision Nacional Forestal) then?

TORRES: *No, CONAFOR didn't exist at that time. It was a sort of the director of the Forestry Department, something like that.*

CAMERON: Why did he choose you? Why did he want you?

TORRES: *Maybe because of my profile. I was the forester among the group of those three.*

CAMERON: Okay.

TORRES: *Probably that was the reason. Then the project—Carlos Munoz took the project. He accepted the invitation of Victor Lichtinger to become sort of the director of environmental policy and economics at INE (National Institute of Ecology/Instituto Nacional de Ecología) and he took the project and he started to sell it to different institutions. The main problem at that time was there was no budget to finance the project at the beginning.*

So we started—I helped also to put together a project for the World Bank but somehow they didn't accept it. Carlos and Victor Lichtinger started to sell the project to different institutions.

CAMERON: So you approached the World Bank really early on to support the project in 2001?

TORRES: *In the years 2000 and 2001. I remember even that we proposed some sort of interaction between the Mexico Oportunidades Program, the poverty program and this new program at the time, PES. It was an interesting design at the time I remember. But we didn't have any success.*

Then in 2002 a group of people under the leadership of Alberto Cardenas started to work on building CONAFOR. CONAFOR started to work in 2003 and basically they got the idea, they bought all the concepts and everything, and Alberto Cardenas was very successful in selling the project to CONAGUA, the National Commission for Water. They convinced some part of the Congress to approve a change in the law of water rights to transfer, if I remember well, 300 million pesos a year from those rights to CONAFOR to be spent in this pilot for PES.

So CONAFOR started in 2003 and the program under CONAFOR started, if I remember well, in that year. They asked me to help them in defining the beneficiaries for the first time. They were in a rush at that time to spend the money as in any administration, to spend the money that fiscal year. You have to

give it back to the Federal Reserve, into the treasury. They were in a rush to spend the money. So they designed some very simple rules and they started to spend the money just with the traditional beneficiaries: basically the people that used to have forest management plans and used to have a lot of relation with CONAFOR and the forestry department.

So that was the reason why at the beginning the PES program was very biased in the north and the central part of the country with the tradition of beneficiaries of forestry. That was the main reason.

CAMERON: Why was the south more excluded? Is it because it is poorer or less connected or what?

TORRES: *No, because they basically focused on the areas where traditional forestry was found.*

CAMERON: And traditionally there is not as much forestry in the south?

TORRES: Yes.

CAMERON: And what was your role after the first—?

TORRES: *After they started?*

CAMERON: Yes.

TORRES: *I never agreed on the way they put it together.*

CAMERON: Tell me about that.

TORRES: *Well at that time I thought the money should be spent in a better way, by trying to define some criteria for preventive deforestation and something like that, instead of just being in a rush to spend the money.*

CAMERON: Did you have any sort of influence at CONAFOR? Could you speak to Cardenas or people?

TORRES: *No, not at the time. There was a program in 2004 called Montanes Prioritarias, Priority Mountains. They said, "Well, let's start spending the money on these mountains." I said, "Well it's okay, the Priority Mountains, but we should find the best way to spend the money. I don't think that would be the best way to do it. There are no criteria for the definition of Priority Mountains." So if you check the distribution for spendings they are basically on these Priority Mountains, especially in the northern and central part of Mexico.*

While we knew at that time that the huge programs of deforestation were located in the southern part of the country, no money was allocated in that part of the country. So at that time I said "Well, I think they have a policy very different from what I thought should be the one." Basically I collaborated somehow with Carlos in the definition of some things. Carlos at that time also didn't agree with much of the things they were doing. I think he started to separate from the operation of the program until perhaps 2005 and 2006 when they made CONAFOR.

They didn't ask for the participation of Carlos at that time. So the three of us who started the project basically got separated by the year 2004, 2005 or 2006, something like that.

CAMERON: Was that because you were trying to change the way they were operating?

TORRES: *Yes, I think there were so many good things that happened in this period. Probably many people were disagreeing on the way they started spending money. The good thing that happened is that they opened the possibility to having a discussion among different stakeholders to define where the money should be put. They had this idea of creating the consejo (technical committee) for the definition of what should be the priority areas, how to define the way to spend the money.*

CAMERON: This is the technical committee?

TORRES: *The technical committee, yes. I think that was very good. It was very good because they opened the space for having discussions on this and many more people were integrated.*

CAMERON: This is when Mr. (Leonel) Iglesias was the CONAFOR manager.

TORRES: *Yes, he was there, on the committee. I think he was the one who started that, because of the pressure of all the stakeholders. For the administrator, it was difficult to recognize its importance.*

CAMERON: So then when did you become involved again with CONAFOR?

TORRES: *Then in 2009 there was a problem with the current, at that time, director of CONAFOR—.*

CAMERON: Can you tell me a little bit about that?

TORRES: *It was probably because basically CONAFOR at that time had an administration problem. They were having trouble handling the numbers. It was basically a problem of handling the inventory and where the money was, the history of all the payments and all that. It was basically an administration problem; I don't think it was a problem of somebody stealing money or something like that. Just keeping the records was a problem. There was a scandal of some money that was allegedly missing in the state of Chiapas and that money was supposed to be delivered for the reforestation of some area. The scandal came and the director had to resign.*

That was the beginning of the year 2009 and by August of that year I had the invitation to talk to the president about what would be the future of CONAFOR, if I had some ideas and all that. The president was very sensitive of all this topics.

CAMERON: This is Mr. (Felipe) Calderón?

TORRES: *Mr. Calderón, yes. I have to say that he knew and knows a lot of the topic.*

CAMERON: How did you come to be at the table with Mr. Calderón talking about this?

TORRES: *He was interviewing a lot of people before deciding who would be in charge of CONAFOR. I was perhaps the twentieth person called to be interviewed. He was*

looking for a very specific profile. He wanted an economist who knew at least a little bit of natural resources management. There are not that many here in Mexico.

CAMERON: I know that for organizations like CONAFOR and other similar organizations in Mexico these appointments are often political appointments.

TORRES: *Yes, they are often political appointments.*

CAMERON: Did that come into play at all in this case? Was that a factor?

TORRES: *No, no, as I told you, Calderón was very sensitive. He knew what he needed in CONAFOR. So that was the reason he was interviewing basically technicians, researchers, people involved in the area. I don't know why, perhaps I had been the only technician in charge in CONAFOR.*

CAMERON: Right, so he chose you?

TORRES: *He chose me, after perhaps a week after the interview, and I started in CONAFOR in September of 2009.*

CAMERON: Why did you choose to take the position?

TORRES: *Well, I'm a forester. I am an economist also. My study area is public policy analysis. So I used to criticize a lot of the policy instruments. I helped to design a lot of them also and I also thought that sometimes the problem is not the design, the instrument, but the way they are operated and I really wanted to know all the different steps that it takes to really operate a program.*

CAMERON: What operational problems did you face when you started with CONAFOR?

TORRES: *So many. First of all when you have program, you need to wait to vocalize to get the impact that you want to get. Unlike the nine programs at that time in CONAFOR, PES was the only one that had some sort of criteria at that time for the distribution of money. But none of the others had criteria for localizing resources.*

CAMERON: So beforehand the administrators got to decide where to focus the areas?

TORRES: *No it was open, the whole country. You just had to ask for the money for a specific program.*

CAMERON: Okay.

TORRES: *So one of the first things that I started to do was trying to design a mechanism and I had a lot of pressure because I started in September. The rules of operation, which are the normal activity of how the beneficiaries apply for the subsidy, define the way you are going to spend the money. They have to be published in the first year, in January, so I didn't have enough time to make a lot of changes in the first year. But we could handle defining some eligibility areas for all the nine programs. We also redefined some of the incentives, tried to order the incentives. We also, in that first year, tried to align some of them. For instance, you have incentives for reforestry, planting basically in natural areas. But they were not aligned with some conservation subsidies. So in some areas*

where you have very degraded soils, you need to combine both of them. So we started to put in these strategies, to combine them.

Some others that we changed were—there was a lot of money that went to subsidizing the some organizations, basically UMAFORES (United Forest Management/Unidades de Manejo Forestal). We reduced that amount of money—well, we increased the spending in this but it was according to productivity. Productivity was measured in terms of participation, not political participation but participation in different programs, and the activities they were doing with the associates in UMAFORES. We sort of made changes in the first year.

CAMERON: And specifically within the PES program, what were the changes you made?

TORRES: *There were two main programs at that time.*

CAMERON: Fondos Concurrentes (matching funds) had just started right?

TORRES: *Yes. The Fondos Concurrentes didn't have a platform, a legal framework. So we used technical tools in the Mexican administration, con lineamientos, CONAFOR can do lineamientos. Lineamientos (guidelines) is a set of rules and direct responsibilities from the director; you can set up a set of rules to spend a specific amount of money for a project, or for a program with defined objectives. We used that figure—I think it was the first time I had a chance to use that legal framework, lineamientos for fondos concurrentes. I think that was a very successful policy at the time.*

I will tell you more about that. In that year, 2009, you know, in Mexico by law, there is a requirement of all the institutions to be evaluated in all the programs. We even have an institution called CONEVAL-Consejo Nacional de Población (National Population Council) that monitors all the evaluations of the programs. The first and only work I have done for CONAFOR was that. I had the opportunity in May 2009 to evaluate all the programs for CONAFOR.

At the time of the interview with the President I had the whole picture of CONAFOR, the amount to be spent, how the programs were working, everything. I even had the chance to define for CONEVAL, because that was part of the products that I had to report to CONEVAL, a program to modify all of the programs in CONAFOR.

So when I went to CONAFOR I basically had done my homework at the beginning. I knew first hand what would be some of the changes to improve the program. In the case of PES there were two main things. One was Fondos Concurrentes, the other one was basically there was no differentiation of the prices we were paying. In some cases the prices were too high; in some cases they were too low. So there was a need to change that in order to improve the program. There was also a need for giving some room, some space for direct negotiation. For instance you had some communities or ejidos (communal agriculture land) where they were willing to contract more of the area to be put in the contract to protect in exchange of having a higher priority to be selected for the program.

In those cases it was good, they had the opportunity to ensure that they would have the money if you covered a larger area. In addition, you know that they

were going to be successful in the conservation because they don't use that land, that is the reason they are asking for it, extending the area in the contract.

CAMERON: Was this land at risk of deforestation?

TORRES: *Yes. So we put that in the new proposals of operation in 2009, 2010. We changed the prices until 2010 for 2011. Something that we already knew in 2009 was the PES. By the way, that was one of the programs that President Calderón had very fixed in his mind. He really liked the principle of PES. He always asked about trying to find ways to improve and get more efficiency in the program because every other month that I had a chance to report directly to him the progress of the program I always said, "You know, it is not working as it should be working."*

He said, "No, no, you are wrong. You have to check the numbers." I said, "It is not working; it is not working because the program cannot work by itself. It has to be in the company with other programs, because of cultural, social, economic reasons, and so many other reasons". So in 2010 with the success of Fondos Concurrentes, and checking the performance of Fondos Concurrentes in different areas, we started to see that this way of combining different programs, combining objectives, setting up a platform for discussion about where should the money be put in order to improve environmental services in general, could be a good idea for establishing a way to operate all the programs in CONAFOR.

Then in 2010 this was also supported by the bad results that we already knew would occur in the program for reforestation, the reforestation of the plantation program, the commercial plantations.

CAMERON: What were the bad results in that program?

TORRES: *The very low rate of planting survival.*

CAMERON: Of the trees? The tree survival?

TORRES: *Yes, it was very bad. The rate was around 45% or something like that, on average. There were some regions where they had basically zero percent and so we knew that we should combine the restoration program with the soil conservation program and with many other ones. So at that time we put together a project called Áreas Prioritarias/Priority Areas and this program started because in 2008 President Calderón asked the Secretary, the Minister of Agriculture—at that time was Alberto Cardenas, to put together a huge program where he should combine incentives and subsidies from agriculture, forestry, water and social sectors as an analogy to the program Julia Carabias was running in Chiapas, something like that.*

President Calderón had the idea that something like that should work. Then Alberto Cardenas had some problems with doing that. Then when Alberto Cardenas left the Secretariat of Agriculture, the new minister came. He had the same homework to do and he couldn't do it for so many reasons. In 2007 and 2009, when we presented President Calderón this project we asked for 1500 million pesos of additional budget.

After many hours trying to convince him, he said, "Yes, you'll have the money under one condition. You have to put together all the other areas working in the rural areas where you are going to have your pilots." So he had in mind that the

only way to really work on those programs was to combine all different programs. So with that order everything becomes easier because you go to the Agriculture Ministry and you say, "President Calderón said that and he is going to check up on all the problems that we had in these pilots." All of them worked very well.

In the agricultural sector, basically we worked with two programs, one was for soil conservation basically, and the other one was for conservation agriculture, which also worked really well. We had two programs for the water sector and we also had this program in the Secretariat of the Economy, the Economy Ministry, for implementing some very small enterprises. We started to work with two pilot projects. One was in the [indecipherable] region and the other was in Chiapas. So the whole idea of this [indecipherable] project that you said is basically to define an area and that area you define what are the main problems, not only in the environmental sector but also in agriculture, also in husbandry, and you start developing sort of a platform for putting together all people, all stakeholders, different sectors with the participation of the government at different scales, federal, state and municipal. First you try to discuss what are the problems, what should be the resources they should get to start different projects.

Then with all that information you put together a group of people from all the different sectors, from the government, and NGOs (nongovernment organizations). With that you define a project. Then a project means a program for the distribution of different subsidies coming from different sectors. Then you start a process to discuss that with all stakeholders until you get some sort of an agreement. Then you start to work.

One of the two main features of these types of pilots is that you have to ensure money for a long period of time. So we started these pilots ensuring money for five years in those projects. The other important feature is that you have to define different platforms for decision-making. One is for the stakeholders and the other one for supervising.

Another feature, which is also very important, is for the government at different levels, just for monitoring activities. The important third feature is that you have to subsidize all the work fields, how to work with people and creating capacities for building dams, how to use efficiently the seedlings and what should be the best areas for PES. So in this project you define the application of the different programs. You negotiate with the stakeholders, which is more convenient for each one of them.

Some of them may want to have PES because they think they are not going to do anything. You say, "Well you are going to have half of that, but you also will want half of this. You would ensure five years of this if you have a really high survival rate in your forestation for instance, or building the fence or many other things."

They were very successful after the first year, the procedures.

CAMERON: They were first implemented in which year? Was it 2010?

TORRES: Yes, 2010. Even the President went to visit some of these areas, and in 2011 he approved to expand the project to nine more regions. So in 2012 CONAFOR had eleven priority regions. Those eleven priority regions were the ones that we chose. We chose four of them before we started the red pilot projects. So that is basically the idea. The whole idea is to mix the PES with the others.

CAMERON: You mentioned earlier on that some of this was based off of Ms. (Julia) Carabias' work in Chiapas.

TORRES: *Yes, somehow because Julia works in this way. Julia works through CONABIO (The National Commission for Knowledge and Use of Biodiversity/Comisión Nacional Para El Conocimiento y Uso de la Biodiversidad), through the Corredor Biológico/Biological Corridor. The Corredor Biológico basically contracts different agents working at the field, trying to convince and negotiate with different stakeholders and ejidarios and comuneros to define a management strategy to combine conservation of the jungle and improving the productivity and the agriculture and the husbandry sectors. That is the way Julia works.*

When we started with this in 2010 we thought that would be a very good way to work, that we called later the Territorial Unit Approach. We thought that this could be replicated not only with a goal of conservation because Julia had the goal of the conservation of the jungle, but you could also work with this, with a group of ejidos and communities having as a goal not only conservation but sustainable management of resources. That could be another goal, an important goal.

With that model in mind, we started a project in Durango, in the State of Durango, in a region very well known for high productivity of timber that is called Pueblo Nuevo. So this model that was designed for having as a goal, as an objective the conservation of the areas and increase the productivity of the other sectors, was replicated in terms of the organization and how it is used, to mix different programs, in an area, a completely forestry area, trying to improve the forestry sector in that area. So that was our first pilot of the same model but in a totally forestry area.

In that case you combine the PES with the restoration, the management of wildfire subsidies that you have, a commercial forest plantation program, the PROCYMAF (Mexican Community Forestry Program/Programa para Conservación y Manejo Forestal), which is capacity building in some ejidos and communities. You mix all of them in a unit trying to have increasing productivity as an objective.

We evaluated that in 2012. Amazingly, I tried to put a lot of effort in that but I discovered something interesting. I should write about that. It is a lot more difficult to have an agreement in the way to distribute not only the money but also the different uses in a territorial unit for the stakeholders. When the objective is conservation, it is a lot easier. The main reason is that because you also have subsidies. You risk for conserving your area because you are sure you are going to get PES. Basically you don't have a product at risk.

In the case of an area which is a forestry area and you have an opportunity cost to reserve your forestry track and you are obligated to do some other activities, it is more difficult to convince people, a lot more difficult. The way to build the platform for discussion and negotiation has to be very different from the one on conservation. But we discovered that in 2012, a few months before leaving the administration.

I know that they are trying to get this back again in some of the areas because in the Calderón administration, the main goal for forestry was conservation and protection of forestry areas. Now the slogan is basically "increase productivity in the forest." I think it is very good because increasing the productivity in the forest

will ensure that you have sustainable use of the forest and the conservation of the forest.

CAMERON: Do you think that that is what the outcome will be of focusing more on this?

TORRES: *It depends on the way they are going to do that because increasing the productivity not only depends on the forestry sector, it also depends on the market and many more things. There is no way to increase the productivity if you don't check how the market is working, how the transaction cost relates to getting permissions, the advisors, the foresters, how are they working, how they are grouped, what are the main decisions in the fields and all that. The whole change, the value of change has to do with the final result, which should be the increase in the productivity. There are so many things to consider and it is not easy, it is not easy to get it.*

CAMERON: What do you consider the main goal of CONAFOR's work and also PES in particular?

TORRES: *The main goal?*

CAMERON: Yes.

TORRES: *The program was designed and it has operated to have the final output as reducing deforestation basically, it was designed to do that. Many people think that PES is something related to a program for paying for those services, which it is very difficult to value them, very difficult to quantify them. So if you just get a reduction in deforestation, then it is working pretty well.*

I think it is very expensive, the way we are avoiding the deforestation. It depends on many things. It depends on the prices they are paying for, the areas, the opportunity's cost; it depends on so many things. In some cases you would have good results and in others you wouldn't.

It has also some perverse outputs. You can check those. For instance it is very easy to understand that if you have an owner whose timber productivity is very low, he gets three or four cubic meters per hectare and that is basically the money that you get with the PES. It is, you are better off if you get PES doing anything, nothing, than trying to get a forest management program, harvesting, selling and all that. So you know the different alternatives to produce MAC (material adverse change) conditions and all that is going to define if the program is working or not.

In some cases I think it is working pretty good.

CAMERON: And that it is reducing deforestation?

TORRES: *Yes, and especially in 2009, the first change that we tried to make is to shift most of the distribution of money, for the money to be distributed from the north to the south because more than 90% of the deforestation is in the tropics.*

CAMERON: Were there political consequences for that?

TORRES: *Wow, you can't imagine. Many people were angry with that decision.*

CAMERON: Were there any threats made? How did you overcome the political consequences?

TORRES: *What we did and the way I sold it was that I spent a lot of money traveling to different regions and speaking with the stakeholders saying that the program was designed for stopping deforestation and all that and the main problems of deforestation were in the south. They had other programs in the north like the absence in some cases for public services. They needed more money for forest management; they needed more money for organization. They needed more money for marketing. They needed more money for sustaining technologies of the forest resources. We said that we should shift more money to those areas.*

CAMERON: Did that involve working with other ministries or could you do that just within CONAFOR?

TORRES: *No, we could do that in CONAFOR just by the redefinition of the budgets in different areas. That was the reason it was good to have these priority areas for each one of the programs. I think that was really good; the timing and the way we did that, it was really good because we did it at the end of 2009, just right before having the rules of operation and the people didn't have enough time to discuss that. So they had to accept something post-facto, but we spent a lot of time explaining to them that this definition of priority areas was very important for them and for the state and for the program. We could ensure that that would be the best way to spend the money. People took some time to get that.*

CAMERON: The people you have to convince were the technical committee?

TORRES: *No, the stakeholders all around the country. We had a lot of meetings with the state committees, where the different stakeholders met.*

CAMERON: How important was it that they were supportive? Could you just say, "No this is what we're doing," or did you need their support?

TORRES: *No, I needed the support because in 2010 there were a lot of disagreements on this, not for the owners but for the foresters that were working for CONAFOR putting together the projects. You know why, because they had a proportion of the project and budgeted the project for themselves.*

CAMERON: So these were the forest technicians?

TORRES: *Yes. For instance, a very well paid project is a payment for a man who does various projects. If you took that from the northern region and put it into the southern region, they are going to be the first affected by that.*

CAMERON: So did that mean that more forest technicians moved south?

TORRES: *No, they just had to go with the rest of the programs.*

CAMERON: Okay.

TORRES: *In 2010 we also started a project to certify the forest technicians. That was also a big problem, a very big one.*

CAMERON: Can you tell me about that?

TORRES: *Yes, because another problem detected in 2009 was that you had supposedly forest technicians putting together these different projects for CONAFOR and you*

could have foresters, radiologists, engineers but also lawyers, administrators, nurses, all different professions put in this. So we said, "This is not bad as long as they complete the forms and all that it is okay. But in any case they have to have some training." We started to work with different institutions in Mexico to establish sort of a scheme for certifying this. We subsidized the certification process.

But somehow, the first people who were against this project, this program, were the foresters. They felt that they studied forestry and they had the right just because they were foresters not to complete the certifications. The others didn't feel that way, but the foresters said, "No, no, we are foresters. We have university degree that certifies that I could do that."

CAMERON: So they thought it should only apply to the lawyers and the others?

TORRES: *Yes, that was also a problem. We started to identify some of the main areas in which they should be certified. For instance, when you would go into the community you would need some special training for getting into the community, defining some specific projects that you could do with the community. You should have some experience in organizing people and defining a profile of different characteristics that characterize the community. It is the first step before defining the different projects. Do the territorial ordering in the area, putting together some ideas of how different projects should work in the community.*

A forester doesn't have experience to do that. They don't get this in college. So that was the reason we needed this.

CAMERON: So what was the certification process?

TORRES: *What was it?*

CAMERON: Yes.

TORRES: *They had to take some courses.*

CAMERON: Online courses?

TORRES: *Online courses, yes.*

CAMERON: Did this process improve the quality of technicians?

TORRES: *The whole project and all the ideas about how CONAFOR was working at that time were trying to put all the programs in this concept of territorial units. So for that, in order to have that operation in the field you really need good technicians that know how to expose the different projects to people, how to build a platform for discussion, how to put together different ideas and set up a project for different ejidos and communities. That is the way you really are going to have an impact in a territorial unit and an impact in the social and economic condition for the communities. Otherwise all the problems are very dispersed and they don't have any effect. In addition there is no way to build some economies of scale for producing plans, having infrastructure, having machinery and equipment for the area. That is the only way it is possible to work. That was the principle that we started to go with in 2009.*

We need to build capacities in those technicians to take this big step, big jump I would say, in order to change the way the management of the territorial unit was being done.

CAMERON: Were you successful in doing that?

TORRES: *In certification there were problems and problems and problems. Something that should take only one year took almost three years. Fortunately the new minister of SEMARNAT (The Ministry of Environment and Natural Resources/Secretaría del Medio Ambiente y Recursos Naturales) bought the idea of certifying the foresters and all the technicians. I think they continued with the program of certification, I don't know how straight it's stayed. I think with all the things that we did, it was a very good idea. All these projects that I told you about, these projects related with territorial units, these priority areas—.*

CAMERON: Just one quick question. The term "territorial units", does that come from CONABIO or where does that idea come from?

TORRES: *Somehow we can say that it is a similar model although the model here is more working together in platforms defined in a territorial unit instead of working with each one of the owners. CONAFOR worked with each one of the owners.*

CAMERON: Right, I understand.

TORRES: *In this case you have a plan for the territorial unit when you put together, if you're in program projects with different sectors. In 2011 and the beginning of 2012, we started to sell this idea to different institutions, especially the World Bank, the French, the agency for helping—.*

CAMERON: AFD (Agence Francaise Developpement)?

TORRES: *Yes, that one. They bought the idea. They said, "Well, it is a good idea and it looks like it is working." So we signed an agreement for putting together some money and so in dollars, the amount of money coming from the French, the World Bank, and some money from FIDA (International Fund for Agricultural Development) and FAO (Food and Agriculture Organization of the United States), soon reached about 1000 million dollars. We put all that money in operating this territorial unit approach in these eleven areas.*

CAMERON: The eleven areas or the four areas.

TORRES: *The eleven areas, the whole eleven areas. [interruption]*

CAMERON: So you've got a thousand million pesos right?

TORRES: *A thousand million dollars.*

CAMERON: So a billion dollars.

TORRES: *Yes. That was for a loan to be spent in five years. It was signed in 2012. So with that we should ensure the operation of these programs for 2012 to 2017.*

CAMERON: So this is (Enrique) Pena Nieto who signed this.

TORRES: *Yes. I am a researcher, so I have to think of the way to not only test these different areas, but also test different ways to operate it. The main problem in operating this is basically the agent that is working with the communities. You can have agents coming from the public sector like in the case of Chiapas with Julia Carabias, because the agent basically is CONABIO and Corredor Biológico But you also can have another model, which is a model that works with SAGARPA (Ministry of Agriculture, Livestock, Rural Development, Fisheries and Good/Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación). They have a program called PESA (Program for Food Security), which is financed by FAO.*

With this program they build capacities of the agricultural technicians to basically do something related to what we are doing in this territorial unit. But they also have different incentives. In the case of Chiapas, the agents are basically free of incentives to not misdistribute the funds because they have a goal and their salary comes from the government. The objective, or the incentives are basically directed to optimize the distribution of money and getting conservation.

But in the case of PESA they are private technicians and they have to have sort of an alignment of incentives in the way you are paying each one of the projects. So they are going to prefer some projects to others because some of them give them more money than others.

You have something intermediate which is having an agent, which will depend on some sort of institution, but the payment comes from the stakeholders. That I think is the best model, but we should test it. So we have some agents completely public, some agents completely private and some intermediate. So we tested those models in those eleven pilots.

They are working, they are financed. CONAFOR has to continue with that because it was signed and the money has to be spent on that. So in the next three or four years maybe we'll have the chance to test how are they working on these pilots.

CAMERON: Before, you mentioned you wanted to talk more about the Fondos Concurrentes program as well, could you talk about that?

TORRES: *Fondos Concurrentes basically started to grow in 2010 because we had a capacity of mixing some funds from CONAGUA, especially in the northern part of Mexico. CONAGUA has a program to help some of the beneficiaries of some of the water rights to improve the whole system. But improving the whole system implies also improving the watershed.*

So as was in most of the cases, these projects were engineered projects. They take a long time to put together. You just have one year for spending the money. So basically at the end of the year CONAGUA has a program to spend the money. They ask us about putting together some money. That happened in the northern part of the country.

The ones in the center part of the country are pure, very good initiatives from the stakeholders. That requires a lot of work and we basically were very good in attending any small insinuation of putting together a group of stakeholders for the Fondos Concurrentes program.

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- CAMERON: So just to clarify what you're talking about in the north is that CONAGUA just says, "We've got this extra money, take it."
- TORRES: *Not directly "take it." You know you have to get an agreement and all that. Not all the money has to go there, but at least you know that there are going to be some stakeholders that are going to have money to put that money in the Fondos Concurrentes. You see?*
- CAMERON: So is it sustainable?
- TORRES: *No, of course not, but in the beginning and in some cases it was very good such as in the irrigation districts in Sinaloa and Sonora. We started five or six different Fondos Concurrentes and the stakeholders were agriculture people, people in the agriculture sector. Not one of them was in forestry. They put together that and with that Fondos Concurrentes you can send people to try to create capacities in order to convince people that it is a good thing to conserve the forest and the watershed is good and all that. Then you start to convince other areas. I think it was very good.*
- Obviously that money coming from CONAGUA is just for one year. For the next years the work is to convince the stakeholders in order to put additional money if they want to.*
- CAMERON: The contracts don't have a minimum five-year—?
- TORRES: *The contracts for the money that is going to be delivered to the beneficiaries is a contract for five-years, but the Fondos Concurrentes is just one source of money coming from that bundle. Hopefully they are going to have more money in the next years, but who knows? They require a lot of effort to keep those funds working.*
- CAMERON: And in other parts of the country you're talking about Fondos Concurrentes—.
- TORRES: *Because they were initiatives from these different stakeholders in order to improve the water production. Many people in Mexico thought that just keeping the forest up there could be very good for—.*
- CAMERON: Why did people think that?
- TORRES: *In some cases, well perhaps because the people think the forest is humid and when you get into the forest it is a very humid environment, you ensure more humidity around it. But it is very good for selling conservation.*
- CAMERON: What are the key factors that make PES and Fondos Concurrentes, these programs, what are the key factors that make them more successful in some areas than in other areas? What is important?
- TORRES: *That is a very good question. Let me put it in terms of the tropical area because if we compare tropical with temperate areas, it is very easy to see. With a tropical area it would depend a lot on the opportunity cost of the longer stretch. It is strictly dependent on that. That opportunity cost is very dynamic, not only in time but also in the space, the territory. You do not have the same opportunity cost at the border of a forest, inside a forest, close to a town, in a hilly area or not and it is very variable. That is the main reason why you should apply this PES to some of the areas where you know they have good characteristics in order to incentive*

the people to conserve. Because if you apply PES in areas where nobody is going to try to harvest the forest or have large changes, up in the hill, it is very difficult for somebody up in the hill to have a large change. If you start to pay for that, you're throwing your money away. That is one of the main reasons.

The other one I would say, about why it is working and why not, is that people live in the forests. They actually live there. They have many other needs. So naturally they have to do the largest change. You have to think in the way of management of the forest in this very complicated framer of needs and recovery of the forest. You have to put together everything. There is no way to think, in Mexico, that every area is not going to be touched. You are going to be always having people with pressure on the forest's resources.

If that is the case, you will need a lot of money to always keep paying these people. Otherwise, if you don't pay they are going to look for the best way to use that forestland. So that is the reason I insist that it is good in some areas, but it has to be applied with other programs, trying to satisfy the additional needs of the people.

CAMERON: To overcome those economic factors?

TORRES: Yes.

CAMERON: So the places where that has happened has been in these priority areas?

TORRES: *Yes. I had the opportunity to attend a seminar last year in France where they were analyzing what they call "policy mix," which is basically the same principle. They were analyzing the case of PES in Chiapas. I never thought that could be possible but now I say it is perfectly possible that they started to monitory some of the ejidos and communities. There is a program in the agriculture sector called PROGAN (Program to Improve Livestock Productivity/El Programa de Estímulos a la Productividad Ganadera). You get a subsidy for having cows. But now they changed it. You cannot just have cows but you have to have little cows, small cows, the babies.*

CAMERON: Calves.

TORRES: *Right. Now the people are using the money from PES to buy those cows. They get PES for five years and they use the money to buy cows. After the PES is finished they start to clear the area to extend the grazing area of their ownership*

CAMERON: So the PES is helping fund deforestation.

TORRES: Yes.

CAMERON: Where is that happening?

TORRES: *That is happening in the case that they presented in France, in Chiapas.*

CAMERON: Where in Chiapas, do you know?

TORRES: *I don't remember.*

CAMERON: Do you remember the people that were presenting on that?

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- TORRES:** *Yes, Saline is her name. She works for—what is the name of the center?*
- CAMERON:** CIFOR (Center for International Forestry Research).
- TORRES:** *No, no CIFOR is the one in Indonesia right? There is a big, huge, French organization for agriculture, husbandry and forestry.*
- CAMERON:** CIFOR is the forestry one.
- TORRES:** *Yes CIFOR is the forestry but this is called—.*
- CAMERON:** I can—.
- TORRES:** *It starts with Z.*
- CAMERON:** I can try and find it. So in Chiapas we've got these areas where they're getting agricultural subsidies where things are bad but we also have the area of this example where these things are going well.
- TORRES:** *If you build capacities in these people, you start to convince them of the importance of the forestry and having increased productivity in the husbandry sector. You wouldn't have this problem. But the main thing is trying to build the capacity, having a project, subsidizing everything and then lead in. You cannot maintain or sustain the subsidies for the people. It is crazy, there is not enough money to do that.*
- CAMERON:** Can you talk about the sustainability of PES?
- TORRES:** *The only way is with Fondos Concurrentes, otherwise it is very, very difficult. The basic principle of Fondos Concurrentes is to put together all the stakeholders, get money for the farm and distribute it with the Fondos Concurrentes approach. That is I think the only way it is sustainable.*
- CAMERON:** So you think it is important to grow the Fondos Concurrentes?
- TORRES:** *Of course.*
- CAMERON:** At the cost of diminishing the national program?
- TORRES:** *Yes. We did that.*
- CAMERON:** Right.
- TORRES:** *We put some money from PES to Fondos Concurrentes as long as we had more proposals around the country.*
- CAMERON:** Do you think there is an upper limit on that, on the Fondos Concurrentes, on how many organizations, municipalities, states want to participate in that that you can do that? Are there places where there is no organization to run that sort of program?
- TORRES:** *Yes, there are so many of them. In those cases you have to apply this combination of different projects to try to keep conservation or increase productivity of sustained forest management.*

CAMERON: What do you see happening in the future?

TORRES: *It is hard to say. It will always depend on the main objective the administration has. As I told you the story of Felipe Calderón. If you have a leader with some specific goal, you will have drastic change. But I think the improvements are going to continue. Particularly, I have already convinced them of programs which when I was running the numbers every year I had to go to the treasury department to ask for more money for the next year. Knowing my colleagues in the economics area, I knew that you have to go to them and write some numbers and say, "This is more beneficial." You get more benefit with that.*

When I did that, there were three programs that I said were good. One of them was the program of PROCYMAF, which is basically a capacity building program. I had finished a definitive evaluation of that program for a period of years. It was the only program that really had an impact on the wellbeing of people from the whole set of forestry programs in CONAFOR. It was the only one. Not PES, not any other, that is the only one.

That program is only capacity building. I think we should put more effort on that. In 2010 we extended that program from twelve states to the whole country. I just wish that that program continues. With just capacity building, we can do so many things in the field.

The other program, which is very good, also in numbers, is the program Soil Restoration. All the money goes to very poor people. You don't invest in enrichment equipment, conservation or doing nothing. You really put people to work together. Those programs build capacities and have some sort of social capital-building too. With those platforms of collaboration you can put together additional programs. It also has very good effects in many other areas and its effects are very good.

The third program that works well when managed is a program preventing wild fires. That program also builds capacity and it is extraordinary for building platforms of collaboration between different ejidos and communities. Obviously it reduces a lot of the cost on fire prevention and attack.

CAMERON: But not PES.

TORRES: *No. I like it, I wouldn't say that they shouldn't do it but I think those other programs are a lot better for the same purposes as PES.*

CAMERON: By the same purpose you mean these programs are more effective in reducing deforestation?

TORRES: *In giving you more things. For reducing deforestation I think the wildfire program is good. But probably it is not as effective as PES perhaps. But in the long run they are building something that is sustainable and PES is not sustainable unless it is combined with other ones, especially capacity building.*

CAMERON: I wanted to ask you for internal evaluations of CONAFOR. Do you have documents that you might be able to give me of these evaluations?

TORRES: *They are all on the internet.*

CAMERON: All on the internet?

- TORRES:** *Yes. The only one that is not on the internet is the one I did for the PROCYMAF program.*
- CAMERON:** But I can get the other ones online.
- TORRES:** *I can send you the draft. I am checking the English version so I can send you the draft.*
- CAMERON:** Fantastic, thank you. The other things I was interested in were internal evaluations of CONAFOR. I know that every year there is a federal auditor that does it and I know that Calderón had his presidential office did audits. Are they public documents as well?
- TORRES:** No.
- CAMERON:** They're totally internal?
- TORRES:** *They are all internal.*
- CAMERON:** So I wouldn't be able to have a look at them? Is there any way I can request to see them from CONAFOR?
- TORRES:** *At the end of the administration there is something called Libros Blancos. Libros Blancos contain all the reports made by that institution. So it is supposed to be an internal document but I don't know if CONAFOR should be willing to give you that for the end of the Calderón administration.*
- CAMERON:** Great, I might—.
- TORRES:** *That is very good. For the case of CONAFOR it is a very good work because it has an internal evaluations of all the programs, defines what were the problems, what were the budgets, how they were spent. It is very good.*
- There is also a document made in 2010, like a diagnostic of how all the programs were working, what should be the new goals which for each one of them.*
- CAMERON:** And that was made by CONAFOR?
- TORRES:** *That was made by CONAFOR.*
- CAMERON:** Was that another internal document?
- TORRES:** *It is an internal document. Of course they have also, if you ask for that probably they are going to give you the one, the current one, the program 2014-2019, because that one is already out of date.*
- CAMERON:** That will be interesting to look at. Is there anything else that you recommend that I look at or people that I speak to?
- TORRES:** *Did you have a chance to talk to José Carlos Fernandez?*
- CAMERON:** I've emailed him, I haven't spoken to him yet.

TORRES: I think he would be very good. He was the one who got a lot of money for CONAFOR. He will say why he was able to do that because there are so many things around all these projects together. There are also many people who were against these different approaches or were suspicious about it. So maybe you would like to talk to people from Consejo Civil Mexicano. They have been very active since the council was founded and they have a different perspective. Not very different from the one I just told you but different one from the PES program.

CAMERON: Fantastic, thank you very much. That was an incredible wealth of information.