

**Water Fund Prioritization Tool Technical Workshop:  
Estimating Portfolio Returns  
and  
Monitoring Design for Assessing Water Fund Effectiveness**  
August 1-3 2012  
Lima, Peru

The Latin America Water Funds Platform and the Natural Capital Project are developing guidelines and a tool for prioritizing water fund investments. The second draft of this tool will be tested in a technical workshop in Lima. The workshop will focus on getting critical feedback for further tool development, and on testing the tool's ability to create portfolios and estimate erosion control returns for priority water funds (likely Lima and Monterrey Funds). This workshop will be followed in several months by another that will focus on testing the first full version of the tool with additional water funds in the Platform. The August workshop has several objectives:

**Objectives:**

- Present and discuss the second version of a water funds prioritization tool that performs diagnostic screening, selection of priority areas, and estimation of returns, discussing both high level decisions about options and technical decisions about approaches.
- Trial the second version of the tool for priority water funds in the Platform (Lima, Monterrey), ending the meeting with draft investment portfolios and estimated returns for erosion control.
- Increase alignment in approaches across water funds engaged in the Platform.
- Build capacity across water funds through interactions among technical staff and hands-on work with the tool.
- Review progress on standards for water fund monitoring and align monitoring and RIOS tool development processes.

**Invitees:**

Invitees are a mix of technical analysts and higher level managers who will allow us to explore technical approaches, conceptual issues and challenges with implementation. We will have the most representation of interests from the focal water funds for whom portfolios and estimated returns will be produced during the workshop. In addition, each TNC Conservation Program will be represented by at least one technical and one strategic representative.

## Day 1: Wednesday Aug 1

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### Plenary

#### 9:00 Welcome and introductions

*Juan Jose Rodriguez and Ana Guzman*

#### 9:30 Overview of progress on portfolio design component of RIOS since Mexico workshop

*Adrian Vogl*

#### 10:00 Overview of new estimation of returns component of RIOS

*Adrian Vogl*

#### 11:00 Break

#### 11:30 Run through of RIOS version 0.2

*James Douglass*

#### 12:00 Discuss estimation of returns approach

We may split into two smaller groups to facilitate discussion of the major decisions we've made in the design of the estimation of returns component. We will also discuss whether the outputs currently generated by the tool (both portfolio and estimation of returns) are what managers want to see.

*Adrian Vogl*

#### 1:00 Lunch

Explain format of workshop/breakout sessions, technical training is for those who really want to use the tool, other ones are more conceptual

Decide who will report back before starting the session

Make sure there is a Spanish speaker in each to take notes

#### 2:00 Concurrent sessions

Topic	Content	Lead
A1. Should RIOS include non-land-based activities?	The kinds of activities RIOS is currently designed to consider all lead to changes in land use and/or land cover. Should RIOS have the capacity to include other kinds of activities, such as alternative livelihoods development? If so, how?	<i>Silvia Benitez</i>
A2. Transitions	Which agriculture-related transitions are most likely to happen in water funds in	<i>Paulo Petry, Eddie Game</i>

	Latin America?	
A3. Technical RIOS training	This training component will focus on the portfolio selection part of the tool. Participants should bring a laptop with ArcGIS (ArcInfo preferred) v. 9.3.1 or 10, with the Spatial Analyst extension.	<i>Adrian Vogl, James Douglass, Stacie Wolny, Doug Denu</i>

### **3:15 Break**

### **3:30 Concurrent Session**

Topic	Content	Lead
B1. Scaling estimation of returns to demand	How can we reflect demand in our estimation of returns from the portfolio, both with and without economic valuation?	<i>Adrian Vogl</i>
B2. Technical RIOS training	Portfolio selection training continues.	<i>James Douglass, Stacie Wolny, Doug Denu</i>

### **4:30 Report back from groups**

- Non-land based activities
- Scaling est of returns to demand
- Transitions
- Technical training, issues encountered, major questions, etc.

### **5:00 Adjourn**

**5:15** Core group meets to discuss day 1 and go over agenda for day 2

## **Day 2: Thursday Aug 2**

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### **9:00 Review Day 1 findings and Day 2 agenda**

*Silvia Benitez*

### **9:15 Beneficiaries in RIOS portfolio design and in estimation of returns**

*Adrian Vogl*

Following the presentation, we will continue the discussion on ways to represent demand and values in the portfolio selection and estimation of returns.

### **10:00 Concurrent sessions**

Topic	Content	Lead
C1. How do funds aggregate activities?	In theory, we expect that costs of activities change with scale and with aggregating activities together in space. We would like input on how funds actually want to make their investments spatially, and how this will affect costs and the selection of the portfolio.	<i>Silvia Benitez</i>
C3. Technical RIOS training	Introduce the estimation of returns portion of RIOS. Estimating returns from the portfolio requires running additional models and new data inputs. We will present the users two options for providing this data and get feedback on which is most user-friendly.	<i>Adrian Vogl, James Douglass, Stacie Wolny, Doug Denu</i>

### **11:00 Break**

### **11:15 Concurrent Sessions**

Topic	Content	Lead
D1. Informing monitoring design with RIOS	During the Mexico workshop, we identified several ways RIOS outputs might be used to inform monitoring design. We will create specific recommendations for how to use RIOS outputs for monitoring.	<i>Silvia Benitez, Becky Chaplin-Kramer, Adrian Vogl</i>
D3. Technical RIOS training	Running the estimation of returns part of RIOS. This session will walk through this part of the tool. It will end with a user interface review where trainees give feedback on the user interface design.	<i>James Douglass, Stacie Wolny, Doug Denu</i>

**12:15 Report back from groups**

- Aggregating activities
- Monitoring design
- Technical training

**12:30 Updates from funds around the region**

We will have an open space for representatives of different regions to update us on their progress in developing water funds and investment portfolios, focusing on emerging needs that are not being met either in terms of tools or technical capacity.

1. What state are funds in in your region?
2. What do you need the most technical support for in your region?
3. What is missing from RIOS that could really help in your region?

**1:15 Lunch****2:15 Discuss expert opinion process to estimate impacts of funds' activities**

We are interested in gathering expert's opinions on how effective water fund activities can be to meet the fund's objectives. We would like feedback on the process for gathering expert opinions and leveraging existing networks to reach the right people for the study.

**2:45 Is RIOS too complicated?**

We would like critical feedback from those who have completed the technical training and those who have been in the more theoretical discussions on the number of options and level of complexity now included in RIOS.

**3:30 Concepts for comparing RIOS portfolio returns to business as usual**

The final product of the RIOS tool will be developed for release in the fall. This product is meant to show the added value of using the tool. The output is a comparison of the estimated returns from the portfolio created by RIOS with estimated returns from a portfolio created in a way similar to how investments are made without the tool. We will discuss ways to represent the 'business as usual' investment approach. We will also discuss how outputs from this step should be presented visually to be most useful and compelling.

**4:00 Break****4:15 Engaging the Platform and Beyond**

Our fall workshop will be to launch the first 'complete' version of the RIOS tool, and we will be inviting more participants from funds throughout Latin America and from other regions (Africa, Asia, Europe, USA). We'd like input on making this 'launch' workshop most useful both for building capacity and bringing awareness to the work being done in Latin America.

**4:45 RIOS Next Steps**

In this session, we will review advances agreed on in the workshop that will be included in the RIOS tool and associated documentation. We will also identify issues that need further discussion and indicate which will be taken up further by the working group and/or advisory group. We will identify goals for tool development and discuss plans for testing in other Conservation Program regions before the fall workshop.

**5:30-6:15 Most attendees adjourn, TNC internal meeting on plans for next workshop**

**Day 3: Friday Aug 3**

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The third day of the workshop will also have two tracks:

**9:00 General workplan for water funds monitoring**

*Fernando Veiga, Silvia Benitez*

**9:30 1. Technical training continued**

A session will be offered as needed to continue the RIOS technical training.

**2. Monitoring track begins:**

All those not attending the technical training will participate in the agenda detailed from here until both groups reconvene at 4:00pm.

**Water funds dashboard and latest results of the dashboard**

*Jorge Leon*

**10:00 Monitoring approach and considerations for monitoring design**

This session will also include discussion of how RIOS can support monitoring design.

*Jonathan Higgins, Paulo Petry*

**11:00 Case studies for water funds monitoring**

This session will include case studies from Brazil, Colombia (Water for Life) and Ecuador (Quito). (20 minutes presentation each, and 10 minutes for questions.

**12:30 Discussion**

We will discuss lessons learned, best practices and recommendations for the future of monitoring.

**1:00 Lunch**

- 2:00 Review monitoring needs of conservation programs and water funds -**
- Where is each water fund in terms of monitoring
  - Review capacity for water funds/conservation programs
  - Review what are the greatest needs
- 3:00 Development of a workplan for monitoring guidelines development: -**
- Review products expected (e.g. guidelines)
  - Review working groups (water, biodiversity, socio-economic) to produce guidelines
  - Review deadlines for guidelines and dates for future meeting
  - Review workplan for Natural Capital Project support
  - Criteria for prioritization of water funds to be supported
- 4:00 All Participants: Workshop Wrap up and Next Steps.**
- 5:00 Depart from hotel for group dinner in Lima**