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**Water Fund Prioritization Tool Technical Workshop:**

**Diagnostic Screening and Priority Area Selection**

April 16-17 2012

Mexico City, Mexico

The Latin America Water Funds Platform and the Natural Capital Project are developing guidelines and a tool for prioritizing water fund investments. The first draft of this tool will be tested in a technical workshop in Mexico City. The workshop will focus on getting critical feedback for further tool development, and on developing investment portfolios for priority water funds in the Mexico and Northern Central America (MENCA) region. This workshop will be followed in several months by another that will focus on testing the next version of the tool with additional water funds in the Platform. The April workshop has several objectives:

**Objectives:**

-Present and discuss the first version of a water funds prioritization tool that performs diagnostic screening and selection of priority areas, discussing both high level decisions about options and technical decisions about approaches.

-Trial the first version of the tool for priority water funds in the MENCA region (Monterrey, Chiapas), ending the meeting with draft investment portfolios produced for these water funds.

-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.

**Invitees:**

Invitees are a mix of technical analysts and higher level managers who will allow us to explore data availability for represented water funds and the technical aspects important to the funds, as well as broader ideas related to water fund objectives, activities, budget allocation approaches and constraints. We will have the most representation of interests from the focal water funds for whom portfolios 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: Monday April 16**

**7:30 Depart for meeting center and breakfast**

**9:00 Welcome to meeting and introductions**

*Nelida Barajas, Heather Tallis*

**9:30 Why we’re all here: Introduction to the effort to align water fund prioritization in Latin America**

This talk will include a brief review of findings from the Dominican Republic meeting and an introduction to the WATER tool development process.

*Heather Tallis*

**9:45 Demonstration of WATER tool using Monterrey Water Fund data**

*Rich Sharp*

**10:00 The WATER tool: Introduction to a tool for investment prioritization**

This talk will introduce the WATER tool under development by the Natural Capital Project and the Water Funds Platform. It will describe the conceptual model and high level view of the inputs needed and outputs provided.

*Heather Tallis*

**10:30 Break**

**10:45 The WATER tool: What’s behind the interface?**

This talk will go into the details of the ranking models we have developed for each water fund objective. It will also cover other components of how pieces come together through budget allocation and portfolio selection.

*Adrian Vogl*

**11:30 Break Out Groups: Session 1**

Each group needs to designate a note taker who will provide notes to the organizers and a reporter who will provide a 5 minute report back to the plenary. Reporters should be sure to note any issues that remained unresolved at the end of breakout for further discussion later in the workshop.

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| Group | Description | Leader |
| 1. WATER Conceptual Approach | This group will discuss the overall conceptual approach used in the current tool as well as the basic conceptual approach of the models. This will be the place to provide suggestions for changes in the overall vision of the tool | Heather Tallis (printed conceptual diagrams) |
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| 2. WATER Model Factors | The ecological and social factors that underpin each model used in the tool. This group will discuss the set of factors selected and ways to improve on the set. | Adrian Vogl (printed factor tables) |
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| 3. Biodiversity Objectives | The WATER tool does not currently consider any biodiversity objectives. Water funds will obviously have these objectives and this group will discuss ways to include these. | Silvia Benitez and Paulo Petry |
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| 4. Prioritizing Stakeholder Knowledge vs. Ecological Data | The current WATER tool design first ranks the landscape based on ecological and biophysical factors, then brings in stakeholder information on preferences for where and how to invest. Is this the best approach? Do users want flexibility in this or should we maintain a ‘science-driven’ approach? | Rich Sharp and Stacie Wolny |

**12:30 Report back from groups**

**1:00 Lunch**

**2:00 The WATER Tool in Action: Walking through the interface with Monterrey Water Fund data**

*Rich Sharp*

**2:30 Break Out Groups: Session 2**

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| Group | Description | Leader |
| 1. Expert Elicitation Exercise (Round 1) | Objective weights are used in the tool to identify how effective each transition is likely to be in affecting each objective. There is very little literature to support the development of these weights. We will trial a Delphi method to use expert elicitation to define weights. If you join this group, you will need to attend the second session on Day 2. | Paulo Petry (printed questionnaire) |
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| 2. Transitions and Activities | We have included a set of transitions that we think represent well the set of changes water funds would like to see on the landscape, and we have chose a set of activities water funds can use to cause those changes. We want input on whether we have captured the right set, and if/how we can capture other non-landscape-based activities such as alternative livelihoods. | Heather Tallis and Silvia Benitez (printed tables of activities and transitions) |
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| 3. Budget Reallocation | Often, people allocate more money to an activity than can actually be spent, given restrictions based on land use or stakeholder preferences. The way remaining funds are reallocated changes portfolios dramatically. This group will discuss options for reallocation. | Rich Sharp |
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| 4. WATER Technical Training | This will be a hands-on session for anyone who wishes to use the WATER tool in the future. This part of the technical training will focus on data pre-processing. In the current form of the tool, much has to be done first to prepare data. These requirements will reduce over time, but for now this is an important step. This training will continue in a session later in the meeting. A laptop with ArcGIS (9.3 or later, with Spatial Analyst) is required. | Adrian Vogl and Stacie Wolny |

**3:30 Break**

**3:45 Report back from groups**

**4:15 Break Out Groups: Session 3**

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| Group | Description | Leader |
| 1. Monitoring and Validation | We have not yet validated our ranking models. We think this is important, but provides a serious challenge. This group will discuss how validation can be done. It will also discuss ways to align with monitoring and use future monitoring data to improve the tool. | Silvia Benitez and Paulo Petry |
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| 2. Data Issues | We have chosen factors for the models underlying the WATER tool based on theoretical concepts and data availability. We would like input on how available current data requirements are, and whether others could be added easily. We also want to discuss if/how to proceed with missing data. | Adrian Vogl (printed lists of data requirements) |
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| 3. WATER Technical Training | This part of the technical training will focus on using the tool and interpreting results. | Rich Sharp and James Douglass |

**5:15 Report back from groups and general discussion of issues covered so far**

**6:00 Adjourn**

**Day 2: Tuesday April 17**

**7:30 Depart for meeting center and breakfast**

**9:00 Review of Day 1**

**9:30 Break Out Groups: Session 4**

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| Group | Description | Leader |
| 1. Expert Elicitation Exercise (Round 2) | The same group that met on Day 1 will meet again, see summarized results and repeat the elicitation exercise. | Paulo Petry (printed questionnaire) |
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| 2. Beneficiaries | The importance of areas of the landscape for service provision is affected by how many and what kinds of beneficiaries there are and where they are located. We will discuss options for representing beneficiaries in portfolio design. | Heather Tallis |
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| 3. Scale and Resolution | There is often a mismatch between the resolution of data available and the resolution of decisions a water fund would like to make. There are also different questions at different scales (e.g. where should new funds go, vs. how to spend money within a fund). We will discuss options for using the WATER tool and interpreting results at different scales, and how these different scales can be incorporated most effectively in the tool. | Adrian Vogl |
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| 4. WATER Testing | This group will be for somewhat experienced users and will provide feedback on user interface design. The group will also attempt run the WATER tool the Chiapas Water Fund if data have been prepared. | Rich Sharp and James Douglass |

**10:30 Break**

**10:45 Report back from groups**

**11:15 Open Discussion**

*Heather Tallis, Nelida Barajas*

**12:30 Lunch**

**1:30** **State of the Art in Investment Prioritization Across Latin America**

In this session, representatives from each TNC conservation program will give a brief talk on investment prioritization approaches taken by their region, gaps in data and overall needs for water fund prioritization. The purpose is to set the stage for a discussion of how well the WATER tool currently reflects the best approaches being developed across the region and to identify needs the tool could fill and data challenges regions will face in using the tool.

1:30 Atlantic Forest/Central Savannah

*João Guimarães*

1:45 Caribbean

*Montserrat Acosta*

2:00 Northern Andes/Southern Central America

*Juan Sebastian Lozano, Silvia Benitez*

2:15 Latin America Region

*Jorge Leon, Paulo Petry*

**2:30 General discussion of major issues**

We will use this time to identify any major advances made in each of the cases that are not currently included in the WATER tool, and major challenges still to be met in each region. This session will help identify how we can continue to better align approaches across the Platform.

**2:45 Break**

**3:00 Break Out Groups: Session 5**

These groups will be defined in response to major issues raised in morning or afternoon discussion periods. One break out is reserved for additional technical training if needed.

**4:00 Report back from groups**

This report back will include a brief presentation of the results from including expert elicitation findings in the creation of a Monterrey Water Fund portfolio. We will show the initial portfolio created with default objective weights and an updated portfolio created with the expert weights.

**4:30 Next steps**

**5:30 Adjourn**

**6:00 Depart for Mexico City**