

Payments for Ecosystem Services



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Defining Payments for Ecosystem Services

- Types of Payments & Markets (*REDD+/carbon, biodiversity, water*)
- Conditions that facilitate PES
- Who Pays & Who Receives (*buyers and sellers*)
- Roles & Responsibilities
- Potential Risks





Definition of PES

A payment for environmental services scheme is:

- 1) a **voluntary** transaction in which
- 2) a **well-defined** environmental service (ES), or a form of land use likely to secure that service
- 3) is bought by at least one ES **buyer** from a minimum of one ES **provider/seller**
- 4) if and only if the provider continues to supply that service (**conditionality**).



(Source: http://www.cifor.cgiar.org/pes/_ref/about/index.htm)



A payment does not necessarily have to be monetary.

Non-cash rewards including:

- secure tenure rights
- access to information and credit facilities
- employment opportunities
- economic development
- construction of health centers
- anything else the sellers deem suitable





PES can take many forms:

Public payments: government → landowners

Formal markets: regulatory (established through legislation) and voluntary

Self-organized private deals: no formal market, no government intervention


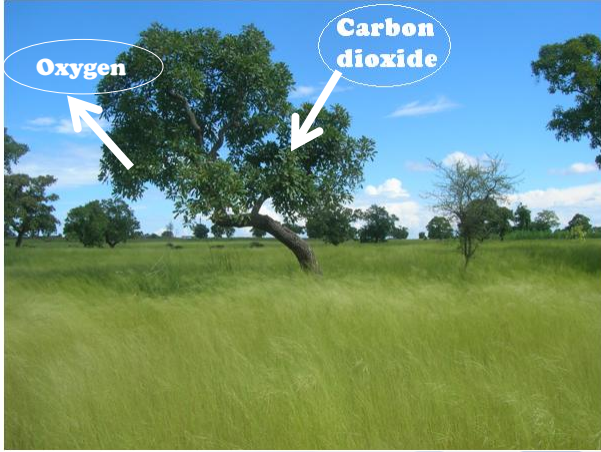


Types of Payments and Markets

- Carbon (short for carbon dioxide)
- Biodiversity
- Water
- Others: Scenic beauty, ecotourism, bundled services, cultural services



Carbon PES





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Carbon PES

Rewards people who:

- Protect standing forests
- Reforest
- Improve agricultural practices



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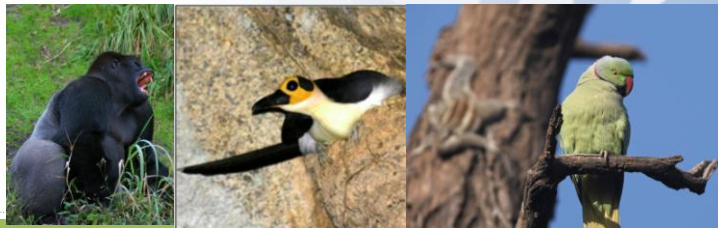


Reduced emissions from deforestation and forest degradation (REDD)





Biodiversity PES

- Establish biological corridors
- Create and strengthen protected areas
- Replant degraded areas with native species
- Remove invasive alien species



Water PES


- Restoring, creating, or enhancing wetlands
- Maintaining forest cover
- Reforestation of river edges
- Adopting best land use management practices


Size of Markets

Market	value (USD)
Carbon (2011)	176,451,000,000
Biodiversity (2010)	4,000,000,000
Water (2011)	8,170,000,000

Carbon markets are much larger in scale than biodiversity and water markets due to the global preoccupation with global warming and established international markets.




Who Pays and Who Receives?

Providers/ Receivers:

- Landowners (forest, agriculture, wetland)
- Private agencies
- Farming cooperative members
- Municipalities
- Government agencies



Market shapers/ Facilitators:

- Regulators
- Advocates
- Philanthropic investors
- Trade associations
- Policy-makers
- Critics
- Development agencies
- Brokerages




Ideal Conditions for PES

- Demand for ecosystem services is clear and financially valuable
- Supply is threatened
- Actions, activities can solve the problem
- Contract laws exist and are enforced
- Resource tenure is clear

Roles and responsibilities

Stakeholder	Role/Responsibility
Industry <ul style="list-style-type: none"> • Water company • Forestry companies • Mining companies 	<ul style="list-style-type: none"> • Buyer of clean water • Planning
Communities	Seller of clean water due to good agriculture practices Keeping forest
Non-governmental organizations	<ul style="list-style-type: none"> • Assist with technical studies and project planning/implementation • Liaise between communities and industry re: contracts
Universities	<ul style="list-style-type: none"> • Technical studies



Potential Risks

- Losing income
- Potential loss of rights to harvest products; unfair outcomes
- Potential loss of employment
- Confusion over rights to resources
- Increased competition for land
- Unable to protect the resource
- Loss of control over local development decisions






Questions?

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