Introduction to PES and REDD+
Implications for participating land managers

Training Workshop on Payments for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Degradation (REDD+)
Nairobi, Kenya - August 8th, 2011

SARA NAMIREMBE
WORLD AGROFORESTRY CENTER
Payments for Ecosystems services

Provision of incentives or rewards to land managers for implementing practices that conserve or enhance a clearly defined natural or ecological benefit(s).

- Voluntary
- Conditional – *Buyer makes direct payments based on performance*

- Accesses markets and new financing for conservation
- Not a win-win solution - hard trade-offs
REDD - Reduced emissions from deforestation and forest degradation ‘plus’

REDD-plus seeks to reward governments, companies or forest owners in developing nations for keeping tropical forests instead of cutting them down.

Source:
Deforestation emits
≈ 1.6 GtC/y ≡ 17 % of anthropogenic
GHG

Sink:
Absorb
≈ 2.6 GtC/y

Reservoirs: forests store about 638 GtC
**Baseline** – A reference scenario predicting what the situation would be without project intervention.

**Additionality** – Proving that ES from project implementation are improved over and above the baseline scenario.

**Leakage** – Risk of ecosystem destruction resulting from project implementation.

**Permanence** – Emission reductions from project implementation are sustained for ‘long enough’.

![Graph showing BAU and With Project intervention emissions over time](image-url)
Conditions for PES

- Profitability of PES exists compared to existing landuses
- The beneficiaries have the capacity and are willing to pay for these actions
- A defined group of people is willing to undertake these actions – sellers.
- Certain actions can be taken to conserve, restore or enhance that environmental service
- The service is of great importance to a well defined group of people - beneficiaries
- Access to a clearly defined environmental service is not optimum, or is under threat or declining – baseline
Actors

**WHO GETS PAID?**
- Communities
- Governments
- Industry
- Large-scale investors

**WHO FACILITATES?**
- Regulators
- Brokers
- Project developers
- Researchers

**WHO PAYS?**
- Companies: Airlines, courier; Coca cola; breweries; Mining; Water bottling; Irrigation
- Banks: World Bank – Ug, Tz
- Governments: Norway, US, South Africa, Zambia
- Events: CHOGM; World cup
- Celebrities in music and film
## Mechanisms of payment

<table>
<thead>
<tr>
<th>Conventional</th>
<th>Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic - contingent on monitored service provision</td>
<td>Up-front - made in good faith</td>
</tr>
<tr>
<td>Cash - if foregone actions were meant to generate cash</td>
<td>Non-financial benefits such as capacity building and improved access to market</td>
</tr>
<tr>
<td>Group contracts</td>
<td>Individual contracts</td>
</tr>
<tr>
<td>Targeting single clearly defined ES</td>
<td>Bundled payments – not all ES may be scarce and not all beneficiaries would be willing to pay</td>
</tr>
</tbody>
</table>
**Public schemes:** the state acts on behalf of ES buyers by collecting taxes and grants and pays ES providers.

**Private schemes** are more locally focused and buyers pay providers directly.

**Use-restricting schemes** rewards for capping resource extraction and land development; or for fully setting aside protected areas.

**Asset-building schemes:** Aimed at restoring or building ES from bare or degraded landscape.
Challenges for PES

- **Conditionality** or contingent periodic payments:
  - Difficult to achieve
  - Requires that funding is sustained
  - Regular monitoring is expensive

- **Demand** for ES is low
  - PES costs are high for project start-up and running
  - Risk of crowding out culturally rooted conservation values.
  - PES may decouple conservation from development

- **Uneven power relations** - providers can only be paid what beneficiaries give; Risk of elite capture
  - PES may discriminate against those with weak tenure rights – **biased towards better off**

- **New institutional linkages** may be needed
  - **New skills** required: land-use and service monitoring, facilitating negotiation, and financial intermediation; trust-building

- PES mechanisms are context-dependent – **scaling up** may be challenging
Conclusions

- PES has the added advantage of enhancing efficiency in natural resource conservation.
- It enables accessing of new finances for natural resource management.
- It is additional to other NR approaches.
- Expectations from PES should be realistic: Primarily to deliver on ES and not be burdened with development agendas.
- Potential service buyers should understand and be confident about PES in order to create the necessary demand.
- A range of PES mechanisms should be considered to determine what fits the context.
Thank You

For more information, contact

Sara Namirembe
s.namirembe@cgiar.org

World Agroforestry Centre
http://www.worldagroforestrycentre.org