

Payments for Ecosystem Services in Principle

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Our approach & scope

- Building on GESPA mapping of governance for ES & PA (17% of papers = PES)
- Review of ESPA papers with PES/REDD in abstract/title (28)
- Rapid review of 100+ papers on PES (not all of which are included)

Explore the shift in conceptualisation of PES from narrow market-oriented approach to one that sees PES as a spectrum of initiatives that can incentivise land use that is more closely aligned with societal desires, particularly of the ES providers. How can negative social or environmental impacts be avoided (and benefits maintained) as PES is scaled up?

What is PES? What counts?

Bruntlandt Report: we should economically reward resource managers for the provision of ecosystem services



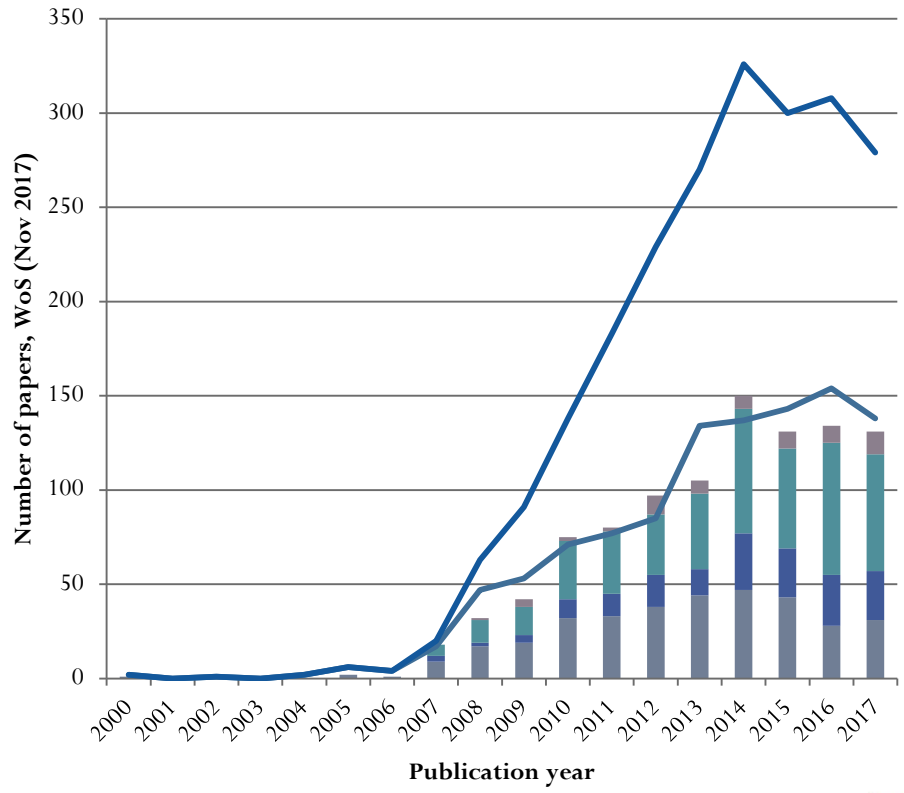
Wunder 2005: “a voluntary transaction where:

- a well-defined ES
- is being ‘bought’ by a ES buyer
- from a (minimum one) ES provider
- if and only if the ES provider secures ES provision (conditionality)”

Muradian et al 2010: PES as a transfer of resources between social actors, which aims to create incentives to align individual and/or collective land use decisions with the social interest in the management of natural resources.

REDD+ = PES??

- “REDD+ as “the biggest PES experiment in the world” (Corbera 2008)
- Many REDD+ on the ground more akin to ICDPs
- REDD+ as results-based aid (Angelsen 2017)
- PES or PES-like but either way, extensive REDD+ lit on wellbeing, power, governance are relevant to PES



- +trade-off / win-win
- +Institutions
- +Power
- +Poor
- PES only
- PES/REDD



Who are the 'buyers', 'providers' & intermediaries?

- Buyers & Providers:
 - Rural-urban
 - Community-private company
 - State/donor funded vs markets
 - Challenge barriers to participation for marginalised groups/intentional exclusion
- Intermediaries
 - The state as an intermediary (e.g. property rights, government funds for PES)
 - NGOs
 - Researchers



To what extent is PES a market-based mechanism? How do the types of payments and their 'conditionality' impact PES effectiveness and equity?

- Coase Theorem in a non-Coase world
- Exchange of rewards and incentives but no true market in most cases
- 'true-PES' vs 'PES-like' & the lack of conditionality in many PES projects. (From a justice perspective, this is not a bad thing)
- Payments – shift towards 'bundled' payments (for multiple ES/stewardship), inclusion of both cash & other incentives, payments to individuals vs community-wide benefits, agglomerative payments (e.g. *Bell et al 2016)
- Some find that payments fail to fully compensate actors for their behavioural changes / reduced access to resources (e.g. *Keane 2016, *Martin et al 2015)

Should PES be ‘pro-poor’?

- Environmental economists:
 - Efficiency of PES compromised by pro-poor focus
 - As a voluntary mechanism, wellbeing benefits are a positive ‘side-effect.’
- Ecological economists:
 - Env Econ view does not reflect the range of PES realities, it’s potential to serve “as a transfer of resources between social actors” (Muradian)
 - prescriptive definition is problematic, PES can **alleviate poverty** and establish a new ‘urban–rural compact’ by transferring funds from ‘consumers’ to ‘providers’ of these services (Kosoy & Corbera)
- Justice & Equity lense: “justices and injustices” linked to ES: the design of PES can have different justice outcomes (Sikor & others)

How do power dynamics affect PES?

- Increasing attention to the role of power dynamics and both formal and informal institutions in shaping PES outcomes / who benefits
- ES are political. PES is political.
- Safeguards, FPIC, currently insufficient
- Informal institutions, elite capture of participation/benefits
- Justice (procedure, distribution, recognition)

Towards PES for ES & Wellbeing?

- Design interventions with pro-poor and justice/equity-based objectives as central tenants;
- Reward broad environmental stewardship or provision of 'bundles' of ES
- Increase long-term sustainability, local legitimacy and agency by emphasising local priorities and bottom-up project design that is adapted to local contexts;
- Recognise and explicitly address power dynamics and the roles of both informal and formal institutions and elite capture in influencing behaviours that affect ES but also in determining access to ES and benefits from PES.

What's next?

- Counterfactuals & evidence about what works
- Case studies – learn from what works and what doesn't
- Context matters. Scaling down to scale-up?

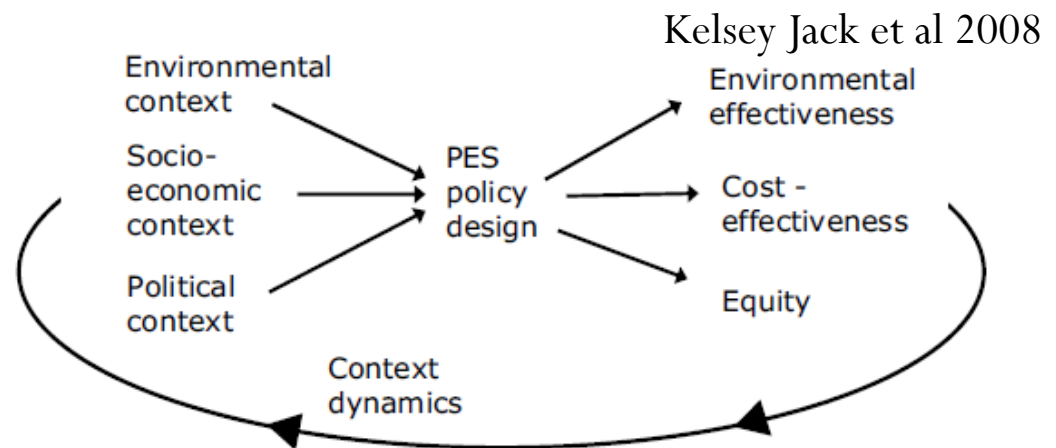


Fig. 2. Context interacts with PES policy design to determine outcomes.