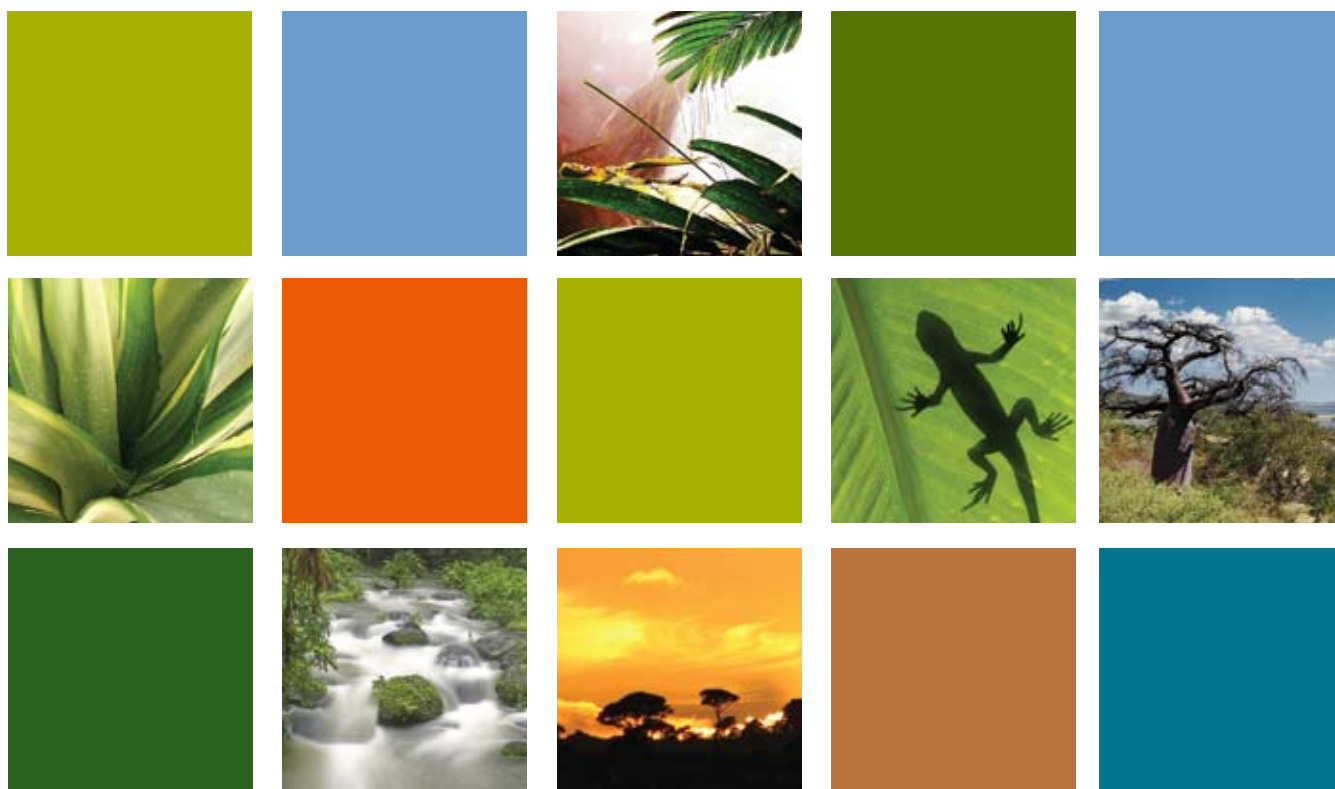


Payments for Ecosystem Services: Getting Started

A Primer



Payments for Ecosystem Services Getting Started: A Primer

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About Forest Trends

www.forest-trends.org

Forest Trends is an international non-profit organization that works to:

- expand the value of forests to society;
- promote sustainable forest management and conservation by creating and capturing market values for ecosystem services;
- support innovative projects and companies that are developing new environmental markets; and
- enhance the livelihoods of local communities living in and around forests.

Forest Trends analyzes strategic market and policy issues, catalyzes connections between forward-looking producers, communities and investors, and develops new financial tools to help markets work for conservation and people.

Forest Trends has also helped demonstrate the efficacy of markets and payments for ecosystem services through its Business Development Facility (www.forest-trends.org/programs/bdf.htm) and the joint Forest Trends / Conservation International Business and Biodiversity Offset Program (www.forest-trends.org/biodiversityoffsetprogram/). In addition, Forest Trends is working with the United States Agency for International Development (USAID) under the conditions of Cooperative Agreement No. EPP-A-00-06-00014-00 for implementation of the *TransLinks (Promoting Transformation: Linking Natural Resources, Economic Growth, and Governance)* project. All of these programs demonstrate how to apply ecosystem services concepts to bring them into practice.



About the Katoomba Group

www.katoombagroup.org

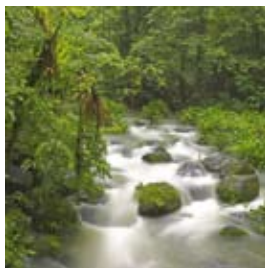
From its 1999 inception in the mountains surrounding Katoomba, Australia, the Katoomba Group has served as an international network of individuals working to promote and improve capacity related to markets and payments for ecosystem services (PES). The Group serves as a forum for the exchange of ideas and strategic information about ecosystem service transactions and markets. It also enables collaboration between practitioners on PES projects and programs.



About the United Nations Environment Programme

www.unep.org

The United Nations Environment Programme's (UNEP) mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.



Preface

Well-functioning ecosystems provide reliable and clean flows of water, productive soil, relatively predictable weather, and many other services essential for human well-being. Today, however, many ecosystems and the services they provide are under increasing pressure. Indeed, the most comprehensive study to date, the Millennium Ecosystem Assessment, which engaged over 1,300 scientists, concluded that more than 60% of the world's ecosystems are being used in ways that cannot be sustained.

Given these trends, what if there were ways to provide the “right” incentives for encouraging the sustainable use of these ecosystem services? What if it were possible to encourage beneficiaries to contribute their fair share to restoring and maintaining the flows of these services? Could such an approach create an incentive for restoration and sustainable use?

This sustainable use/financing rationale informs many formal and informal markets now trading in greenhouse gas reductions, wetlands, water pollution, and endangered species habitats around the world. Indeed, all of the diverse schemes highlighted in this primer are built upon two simple premises: that ecosystem services have quantifiable economic value, and that this value can be used to entice investment in restoration and maintenance.

Similarly, Payments for Ecosystem Services (PES) deals are emerging wherever businesses, public-sector agencies, and nonprofit organizations have taken an active interest in addressing particular environmental issues. These schemes provide a new source of income for land management, restoration, conservation, and sustainable-use activities, and by this have significant potential to promote sustainable ecosystem management. So PES can support the important aim of the Convention of Biological Diversity to halt and reduce the rate of biodiversity loss.

This primer forms part of the activities implemented within the Global Strategy for the Millennium Ecosystem Assessment Follow-Up, and offers a starting point from which to assess the potential for PES in specific communities around the world. It also provides pointers for designing and planning PES transactions. Community-benefit driven, or “pro-poor” PES, is the main focus of this work. Specifically, this primer describes:

- the opportunities and risks of PES schemes for rural community residents in order to enable accurate feasibility assessments for applying these new market-based mechanisms,
- steps to developing PES projects, and
- resources for additional reference and reading.

By issuing this primer, we at Forest Trends, the Katoomba Group, and UNEP seek to increase the number of organizations and communities exploring PES and, *where appropriate*, applying PES to further their goals for conservation, restoration, and sustainable ecosystem management. We hope that this publication will contribute to sustainable financing for conservation and restoration of ecosystems around the world.

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This Primer is a true collaborative effort among the Katoomba Group's international staff and members as well as senior UNEP staff. It is a joint product of Forest Trends, the Katoomba Group and the United Nations Environment Programme (UNEP), with contributions of the Division of Environmental Policy Implementation (DEPI) and the Division of Environmental Law and Conventions (DELIC), that has been funded through UNEP by the Norwegian Government.

The concept and first draft were developed by Mira Inbar with input from Sara J. Scherr. This current version was written by Sissel Waage, Carina Bracer, and Mira Inbar, with input from Anantha Duraipappah on equity, editing by Steve Zwick, and significant contributions from Katoomba Group members and senior UNEP staff including: Al Appleton, Independent Consultant; Nigel Asquith, Fundación Natura Bolivia; Ricardo Bayon, EKO Asset Management Partners; Raquel Biderman, Fundação Getulio Vargas; Byamukama Biryawaho, Nature Harness Initiatives; Josh Bishop, IUCN; Beto Borges, Communities and Markets Program, Forest Trends; Josefina Brana, University of Maryland; David Brand, New Forests Pty. Limited; Marco Buttazzoni, Environmental Resources Trust; John Dini, South Africa National Biodiversity Institute; Marta Echavarria, Ecodecision; Craig Hanson, World Resources Institute; Celia Harvey, Conservation International; Amanda Hawn, New Forests Pty. Limited; Sam Korutaro, UNDP Liberia; Marina Kosmus, GTZ; Alejandra Martin, Business for Social Responsibility; Jacob Olander, Ecodecision; Erika de Paula, IPAM, Instituto de Pesquisa Ambiental da Amazônia; Brianna Peterson, World Resources Institute; Hylton Philipson, Global Canopy Program; Alice Ruhweza, East & Southern Africa Katoomba Group; Sara J. Scherr, Ecoagriculture Partners; Elizabeth Shapiro, University of California, Berkeley; Jeremy Sokulsky, Environmental Incentives, LLC; Janet Ranganathan, World Resources Institute; Jackie Roberts, Independent Consultant; David Ross, Sierra Gorda Biosphere Reserve, Mexico; Wayne White, W2 Consulting; and Sven Wunder, CIFOR.

We are grateful to all of these Katoomba Group members for sharing their expertise. This primer has benefited enormously from their input. The authors have sought to include the most accurate and up-to-date information available. Any errors that remain are those of the authors alone.



Executive Summary

This primer is designed to provide you with a solid understanding of what Payments for Ecosystem Service (PES) are and how PES deals work. It is intended for an audience interested in exploring the potential of PES – either as prospective PES sellers themselves or as staff of organizations that work directly with communities or landowners who may be interested in PES. The primer should be read before you set out to design a PES deal, as it provides guidance on conditions under which PES is most relevant and likely to succeed. It should also be read sequentially, as concepts defined in the early pages are built upon later.

In the first section, **Ecosystem Services & Emerging Markets and Payments**, you will find a detailed review of basic PES concepts, including:

- What is an ‘ecosystem service’?
- What are the basic types of payments for ecosystem services?

In the second section, **Pro-poor Payments for Ecosystem Services: Opportunities, Risks, and Ideal Conditions**, you will learn how PES deals can offer the rural poor an opportunity to augment their income as stewards of the land by implementing practices to restore and maintain ecosystem services. You will also learn the pitfalls of such schemes – the danger of trying to implement PES where it is not appropriate, for example, or the potential of liability concentrated on those who can least afford it. You will also learn how to evaluate outside advisors, and when to consult them.

The third section, **A Step-by-Step Approach to Developing Payment for Ecosystem Service Deals**, is the core of the primer. Here, you will learn the four key steps to developing PES deals:

- Identifying Ecosystem Service Prospects and Potential Buyers
- Assessing Institutional and Technical Capacity
- Structuring Agreements
- Implementing PES Agreements

Each of these steps is broken down into smaller steps in an effort to introduce potential sellers of ecosystem services to the details of PES deals. Throughout the document, there are numerous case studies to illustrate components of the process.

As a complement to this primer, the Ecosystem Marketplace has issued an introductory overview of markets and payments for ecosystem services as well as an extensive glossary. We urge readers interested in further information and a full glossary to review this piece as well, which can be accessed at ecosystemmarketplace.com.¹ We hope that these materials will enable the potential of PES to be realized at a scale that is meaningful for both people and landscapes around the world.

¹ Visit http://ecosystemmarketplace.com/pages/static/about.conservaion_backgrounder.php



<https://www.yunbaogao.cn/report/index/report?repo>

