



PES: A WWF Perspective

By Pablo Gutman / WWF – MPO
A Presentation at the Workshop on:
Conservation Finance
Global Biodiversity Forum
Curitiba, Brazil
March 25th 2006



What Are Payments For Ecosystem Services (PES)?

- PES is the generic name of a variety of arrangements through which the beneficiaries of ecosystem services pay back to the providers of those services.
- The PES concept can be thought as the complement (or the opposite?) to the “Polluter Pays Principle.”
- In any specific PES scheme there are at least three major issues: (a) the ES; (b) the payment arrangements; and (c) what is driving the whole PES scheme



What Are Ecosystem Services And Where Do They Come From?

Ecosystem services are whatever nature provides that is valuable for humankind... but notice that:

- There are differences between ecosystem functions and ecosystem services, and we should avoid double counting and over assessing (exercise: find the double counting in the next slide on the MEA list of ES)
- There are differences between services and goods, (that may be important for a particular PES case)
- There are differences between services provided by nature on its own, and through human husbandry (important to decide what are you paying for).



The Millennium Ecosystem Assessment List of ES

Provisioning Services <ul style="list-style-type: none">•Food•Fresh water•Fuel wood•Fiber•Biochemicals•Genetic Resources	Regulating Services <ul style="list-style-type: none">•Climate regulation•Disease regulation•Water regulation•Water purification•Pollination	Cultural Services <ul style="list-style-type: none">•Spiritual and religious•Recreation and ecotourism•Aesthetic•Inspirational•Educational•Sense of place•Cultural heritage
Supporting Services <div>Soil formation Nutrient cycling Primary production</div>		



Ecosystem Services May Be Present At Any Scale

- **Local:** For example water quality benefits of conservation in a small watershed.
- **National.** For example country-wide benefits of biodiversity conservation.
- **International.** For example global commons benefits of conserving of biodiversity, international waters or the atmosphere.



Payment Arrangements May Vary a Lot

- They may entail a market that brings together willing buyers and willing sellers.
- Or a private or public entity may pull together the demand. E.g. a private utility or a river basin authority may collect fees and use those revenues to pay providers of ES.
- It can be a government-driven system where public revenues (earmarked or not) are used to pay the providers of ecosystem services.
- Or it can be an international scheme where international or regional funds are used to pay for the provision of global commons.



What is Driving the Whole PES Scheme: 1

Pro-Market Approach	Social Developers Approach
<ul style="list-style-type: none">● PES definition narrowed to Markets for ES● Motivation: tap markets' efficiency gains, economic development● Unbundling of ES● Focus on: Valuation of ES, conditionality, efficiency, market pricing	<ul style="list-style-type: none">● Broad PES definition● Motivation: Improve livelihood of would be providers● Unbundling of ES● Focus on: property rights, entitlements, social capital, and income needs



What is Driving the Whole PES Scheme: 2

Conservation Approach	Governmental Approach
<ul style="list-style-type: none">● Broad PES definition● Motivation: sustainable financing for conservation● Wary of unbundling ES● Focus on overall ecosystem integrity and conservation gains	<ul style="list-style-type: none">● Broad PES definition● Motivation: mixed, securing ES may be only a minor one.● Bundling or unbundling ES● Focus: more about income redistribution and pay backs to constituencies, less about environment



Current PES Experiences

If we accept a “broad” definition of PES there are many PES schemes operating around the world,

- Large PES schemes tend to be government driven (e.g., Australia, Brazil, China, EU, Colombia, Costa Rica)
- Most private market- type PES are of local scale (e.g. Africa conservancies, LAC watershed protection schemes) they tend to be small (but look to New York water company experience)
- The enforcement of the Climate Change Convention may change this picture fostering a large private market for carbon sequestration services.



What Have We Learnt From Current PES Experiences?

- Most market-type PES have been of small scale, hence a marginal source both of ecosystem services to users and of income to providers;
- Government sponsored PES schemes tend to be larger, but critics point to little conservation gains, high costs and poor social targeting.
- From a conservation point of view the PES unbundling approach risks losing stage for the less “marketable” ES, or pitching one ES against another.
- From a social point of view PES raise issues of equity and access to basic services, and actually PES approaches face a lot of resistance in many developing countries



So, Why Should WWF be Involved in PES Schemes? 1

- **Need to be there:** To the extent that PES is a new trend in the conservation arena it is important that WWF be involved in it.
- **More funding:** In an era of reduced funding for the environment PES schemes may bring new resources and new incentives to conservation.
- **More effectiveness:** By adopting a more market-like approach we may get more conservation per dollar.



So, Why Should WWF be Involved in PES Schemes? 2

- **Forging a new alliance between country and town:** Paying farmers and peasants for the conservation of rural environments can approach the interest of the conservation movement (mostly urban) and the interest of the rural population (mostly not conservationist).
- **Funding for the conservation of the global commons:** PES schemes may play an important role in securing financing for the conservation of the global commons (atmosphere, the seas, world biodiversity)
- **Education:** The litmus test for a PES approach may not be how much money can it collect today, but rather how can we use it to raise society's awareness of, and willingness to pay for conservation.



What Is WWF Doing on PES? 1

- In the last decade WWF has tried many new conservation financing schemes that, in spirit, if not in name, are very close to PES schemes (e.g. community conservancies, conservation funds, certification schemes).
- Since 2000 several WWF country offices and programs are developing specific PES projects. A majority of them are of local scale and regard the selling of ecosystem services provided by the conservation of a local watershed or the management of a protected area. But there are also some broader, more ambitious initiatives



What Is WWF Doing on PES? 2

- Some examples of WWF ongoing local scale PES projects: (1) Guatemala, Sierra de Minas Water Fund (2) Indonesia, Lombok Island Water Fund; (3) Australia Water Conservation Auctions; (4) USA, Florida Pay for Performance Program; (5) Mexico, Monarch Butterfly Conservation Fund;
- Some example of WWF ongoing multinational scale PES projects: (1) The Danube PES program (DCPO – MPO); (2) WWF Initiative for Capacity building and on-the ground PES project development (MPO); Equitable Payments for Watershed Services (NL); The Natural Capital Project (US)



The Danube PES Program

- A four years program to foster sustainable financing of conservation and IRBM in the Lower Danube and Danube Delta, a region of outstanding biodiversity undergoing rapid changes.
- Focuses on the window of opportunity offered by the Eastern expansion of the EU and the demands to “green” the EU agricultural policy.
- Pursues both government-driven and private-driven PES
- Strong component of replication and capacity building regionally and internationally
- Recently awarded a UNEP/GEF MSP grant



Where to Learn More and Look for WWF PES-Related Activities?

- Subscribe to PES InfoExchange a monthly electronic bulletin with news and facts on WWF PES work (email sara.davidson@wwfus.org);
- Visit www.panda.org/mpo or contact the WWF country office responsible for the project you are interested on.