



## Sustainable Financing & Payments for Environmental Services

### *InfoExchange*

Welcome to February's WWF **PES InfoExchange!** This listserv is a resource provided and managed by WWF-MPO, as a platform to exchange ideas and notify experts and practitioners of developments and events in the emerging field of Payments for Ecosystem Services

You may also download InfoExchange at:  
<http://assets.panda.org/downloads/pesnewsletter4.pdf>

If you have research, publications or events to include in next month's **PES InfoExchange**, send it to: [sarah.davidson@wwfus.org](mailto:sarah.davidson@wwfus.org). **InfoExchange** is distributed at the end of each month.



#### **WWF News:**

**WWF-Netherlands**, together with CARE and IIED, is commencing a new PES program called "Equitable Payments for Watershed Services - Phase 1: Making the Business Case". This 18-month program is funded by DGIS and Danida. The aim of the program is to develop business cases for PES for ten sites in the following countries: Peru, Guatemala, Tanzania, Philippines, and Indonesia. The program focuses on payments for watershed services that not only benefit conservation but that does so in a pro-poor way. Please contact Kirsten Schuyt ([kschuyt@wwf.nl](mailto:kschuyt@wwf.nl)) for more information.

**WWF-Australia** is exploring innovative new ways of working with farmers to conserve patches of native bushland on their properties, using scientific research and economic analysis. Conservation 'auctions' are helping to achieve this by creating a market opportunity for valuing and paying for environmental benefits and services on private land. Landowners develop a proposal to change land use, and funds are provided via a contract between two parties, with the buyer (using public money provided by a government or regional group) paying for a service that the business operator (the farmer) provides. For more information: [cgole@wwf.org.au](mailto:cgole@wwf.org.au)



#### **Upcoming events:**

The Fourth World Water Forum is in Mexico City, Mexico March 16 – 22. "As the main international event on water, it seeks to enable multi-stakeholder participation and dialogue to influence water

policy making at a global level, thus assuring better living standards for people all over the world and a more responsible social behavior towards water issues in-line with the pursuit of sustainable development.” The forum will also be looking at institutional measures to influence responsible water use, such as PES. To read more, visit the website: <http://www.worldwaterforum4.org.mx>

The next meeting of the Convention on Biological Diversity will be held in Curitiba, Brazil from March 20<sup>th</sup> through 31<sup>st</sup>. The Convention will be an opportunity to review advances on ecosystem services PES and sustainable financing as they relate to the BDC. WWF has been invited to participate in a round table on PES organized by UNEP.



### **February’s Featured Publications & Websites:** **PES in a conservation and poverty-reduction context**

Gatzweiler. January 2006. Organizing a public ecosystem service economy for sustaining biodiversity. *Ecological Economics*.

This article examines how social organization needs to respond to biodiversity features and functions in order to achieve its sustainable use. The authors propose that, if the market alone cannot solve the allocation of public ecosystem services, economic efficiency criteria based on hypothetical markets are not sufficient. Examples of emerging “polycentric” (multi-layered) governance are examined in response to this observed problem in purely market-based solutions for providing ecosystem services and biodiversity protection.

Sierra R. and Russman E. January 2006. On the efficiency of environmental service payments: A forest conservation assessment in the Osa Peninsula, Costa Rica. *Ecological Economics*.

Studying the efficiency of direct payments to landowners for conserving forest resources and services, Sierra and Russman note some important observations, particularly that the PES programs speed up forest regrowth in abandoned agricultural land that would have happened anyway (albeit slower). They then suggest improvements to make payments for environmental services more effective.

Ferraro P., Simpson D. 2005. Cost-effective conservation when ecoentrepreneurs have market power. *Environment and Development Economics*, Volume 10, Issue 05, pp 651-663.

<http://epp.gsu.edu/pferraro/docs/EDEfinal28April2004.pdf>

This article compares some possibilities and problems of indirect subsidies for conservation, specifically eco-enterprises such as the harvesting on non-timber forest products, versus outright buying of land for habitat conservation.

Salzman J. 2005. The promise and perils of payments for ecosystem services. *Int. J. Innovation and Sustainable Development*, Vol. 1, Nos. 1/2.

<http://www.inderscience.com/storage/f911124310125768.pdf>

While markets for ecosystem services hold great potential, they also create challenges. This paper identifies the different types of service markets and examines the challenges created by each, focusing on moral hazards, rent-seeking, free riders and perverse incentives.