



Challenges and Responsibilities of Civil Society NGOs

Catalyzing New Environmental Markets

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Forest Trends
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OAS

Ecosystem Services: The 'Natural Infrastructure'

Air quality

Pest & disease control

Watershed protection and regulation

Wilds species & habitat protection

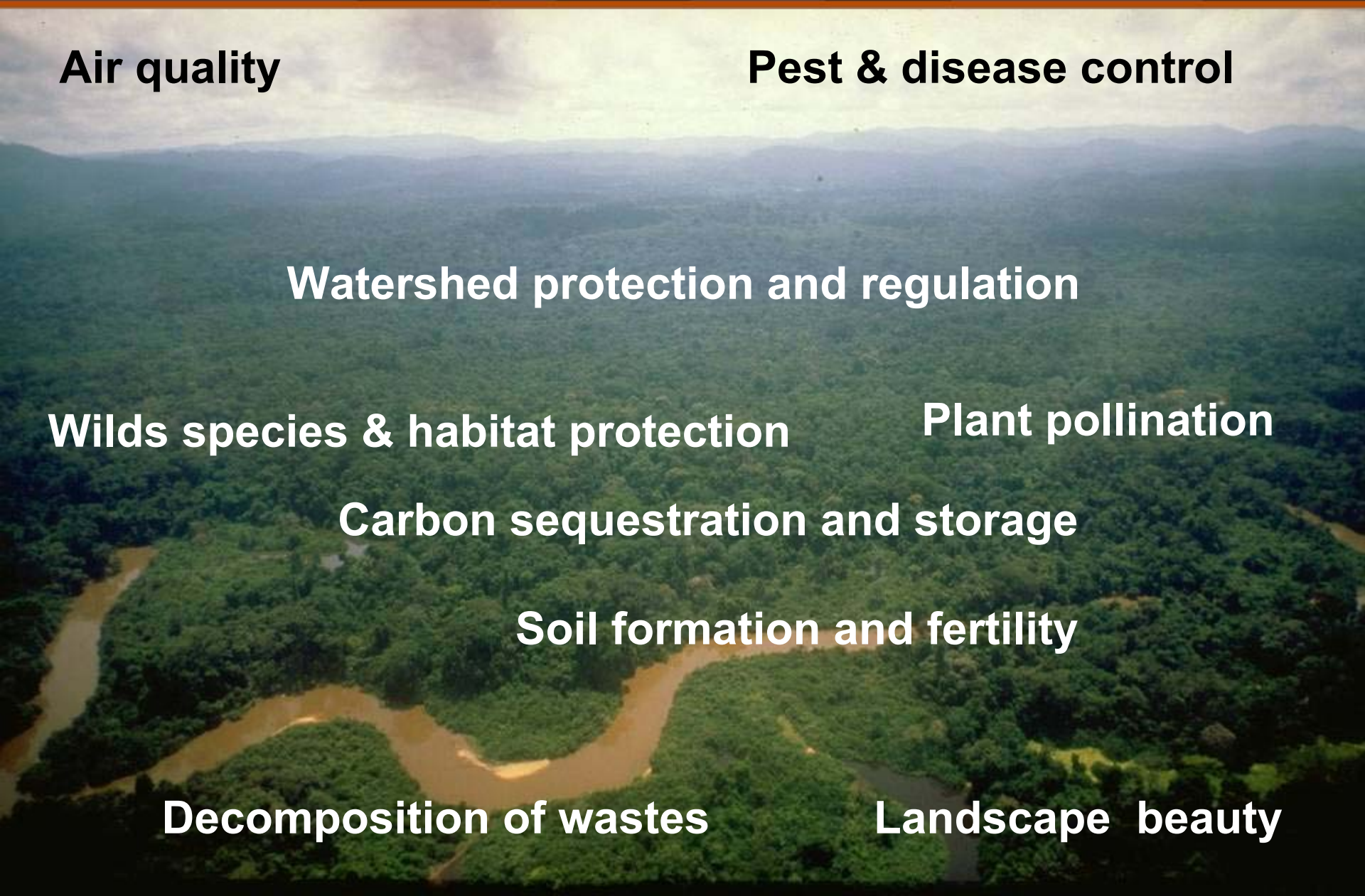
Plant pollination

Carbon sequestration and storage

Soil formation and fertility

Decomposition of wastes

Landscape beauty



Payments for Ecosystem Services: Key Trends

- 1) PES strategies are emerging because conservation finance is in crisis just as broader ecosystem conservation needs are identified; conservation investment must be part of the mainstream economy
- 2) Innovative market and 'market-like' mechanisms are emerging all over the world that seek to convert major "sources of threat" to sources of conservation stewardship
- 3) The rules and strategies developed over the next decade will influence patterns of conservation and investment globally over the next century

Types of Markets and Payment Schemes



- Self-organized private deals
 - * *Private entities pay for private services*

- Public payments to private land and forest owners
 - * *Public agency pays for service*

- Open trading of environmental credits under a regulatory cap/floor
 - * *Landowners either comply directly with regulations, or buy compliance credits*

- Eco-label of forest, farm products
 - * *Consumers prefer certified sustainable supplies*

Who Buys Ecosystem Services? – *Direct Beneficiaries*

- **Watershed Protection:**
 - Industrial, agricultural water users (to secure stable supply, flow)
 - Municipal water utilities, consumers (to reduce costs, ensure water quality)
 - Agencies managing the environmental risks (e.g. floods)
- **Carbon Emissions Offsets or Avoided Deforestation**
 - Industries seeking to comply with carbon rules (offsets for emissions)
 - Companies, groups strengthening reputation for new env. stewardship
 - Agencies, municipalities seeking to improve air quality
- **Biodiversity Conservation**
 - Conservation agencies and organizations working on private lands
 - Tourist Industry, for landscape beautification or protection of key species
 - Land developers (offset for damage, or for amenity values)
 - Farmers (to protect pollinators, sources of wild products)

Benefits for Rural Produces

- New, often more regular, flows of Income (15-25% +)
- Income diversification
- Financing adoption of more sustainable and profitable management systems
- Increased value of resource assets (pest & disease control, higher forest inventories)
- Financing protection and restoration of locally-valued ecosystem goods and services (e.g., water, fuel, medicines, wild game, improved air quality)
- Social investments, such as preserving ecosystem-based cultural heritage and encouraging enterprise management and development



Role of Governments

- **Key role is Property Rights**
 - Set limits, allocate, enforce, and monitor
 - Let market (supply and demand) set price
- **Actors need certainty**
 - To invest, to participate, to not get “spooked”
 - i.e. don’t be changing the rules too often
 - Like interest rates and currencies



Setting the Agenda

Setting the Standard

Making Markets Intelligent: Building Capacity

Setting the Agenda

➤ Building Markets vs. Supporting Projects



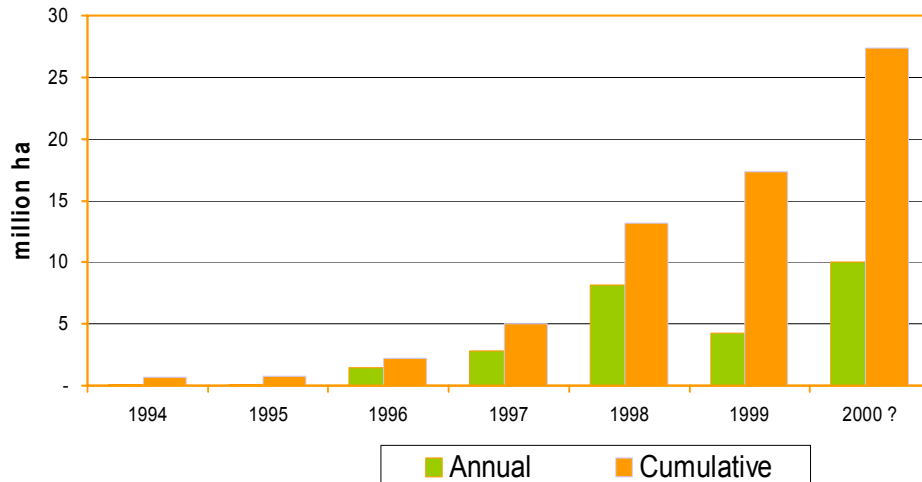
Setting the Agenda: Market and Institutional Mapping

| CATEGORY OF INSTRUMENT | Cap and Trade/Compliance-Driven Markets | | |
|--|---|---|---|
| ECOSYSTEM MARKET | 1a) REGULATORY-DRIVEN ECOSYSTEM OFFSETS (including US Wetland Mitigation Banking) | 1b) REGULATORY-DRIVEN SPECIES OFFSETS (including US Conservation Banking) | 2a) REGULATORY-DRIVEN CARBON FORESTRY (e.g. Kyoto, LULUCF) |
| CURRENT SIZE OF MARKET (in \$ per annum) | \$200 m illion (just private, for profit wetland and stream); \$1,000 m illion total (including in-lieu fee etc.) Unknown how many ecosystem offsets are driven by EIA regulation in developing countries | \$45 m illion in the US; Program just begun in Australia and possibly similar program in France, size unknown | \$100 m illion; much of this in developing countries |
| POTENTIAL SIZE (in \$ per annum, by 2010) | \$600 m illion (banks); \$1,500 m illion total | \$65 m illion | \$1,500 m illion (if EU ETS allows sinks in by 2008) |
| POTENTIAL SIZE (in \$ per annum, by 2050) | \$2,000 m illion (banks); \$3,000 m illion total | \$200 m illion | \$6,000 m illion |
| CURRENT RATE OF GROWTH | 20% | 10% | 10% |

Setting the Standard

Forest Stewardship Council

Growth of certified forest area



Business & Biodiversity Offset Project




Making Markets Intelligent: Leveling the Playing Field

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Choosing From the Policy Toolbox

As payments for ecosystem services (PES) become an increasingly popular policy tool, Carolyn Kousky at Harvard's Kennedy School of Government tells the **Ecosystem Marketplace** about her research into when PES should be used and, equally important, when it should not.

[> Go to Article](#)


MarketWatch

Tracking transactions, pricing trends, and buyers listings across 14 markets where ecosystem services are paid for. Markets are arranged under the categories of biodiversity, carbon, and water.
[Visit MarketWatch](#) | [CHBC Coverage: Street Signs; Squawkbox](#)

INDIVIDUAL MARKETS: MARKET SECTORS:

Carbon Mid-price* [3 month]

— EU ETS — NSW — CCX US\$/tCO₂e



| Market | Jul-28 | Aug-27 | Sep-26 | Oct-26 |
|--------|--------|--------|--------|--------|
| EU ETS | 30.44 | 25.37 | 20.29 | 15.22 |
| NSW | 10.15 | 10.15 | 10.15 | 10.15 |
| CCX | 5.07 | 5.07 | 5.07 | 5.07 |

*CCX - 2005 | EU ETS - 2005 | NSW - Spot

TODAY'S NEWS

- U.S. takes hard line at post-Kyoto talks
- Korea Clings to Voluntary Greenhouse Gas Reduction
- India's PowerMin looks at carbon trading for small hydro projects
- Carbon Reduction Mechanism Encourages Green Investment In Developing Countries
- Chem makers next on lucrative emissions trade
- Concern over climate change brings farmers a business opportunity
- US Army Corp taking aim at wetlands
- Conservation easements; qualified conservation contributions
- Chain of custody guide released for printer certification

Making Markets Intelligent: Building Capacity

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Katoomba Africa

Vision and Strategy

PES Assessments and Case Studies

Participating Institutions

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Promoting Payments for Ecosystem Services to support Sustainability, Conservation, Equity, and Livelihoods throughout Africa

Background:

Worldwide, there is growing interest in market-based approaches to conservation. Markets and payments for ecosystem services (PES), such as carbon sequestration, watershed protection, and biodiversity conservation are emerging as a viable tool to protect and restore ecosystems, by rewarding resource stewards and landowners for good land management practices. These instruments can also provide significant incentives to restore degraded lands, shift to sustainable agriculture, and reward smallholders for good land management.

Finding such new sources of finance beyond the public sector and overseas development assistance is especially urgent in Africa. The Millennium Ecosystem Assessment has documented large-scale ecosystem degradation in many parts of Africa which threatens food security and basic access to water for human consumption and economic development, as well as globally and locally important biodiversity. African countries have become increasingly interested in PES over recent years and a number of projects have emerged on an ad hoc basis. However, there has been little discussion and assessment about the strategic role PES can or should play in achieving economic and environmental objectives.



Forest Trends and the Katoomba Group convened a workshop in **Uganda, September 19-22**, to understand current developments and strategic gaps in developing payments for ecosystem services to a significant scale in Eastern and Southern Africa. Participants from the private and public sectors, nongovernmental organizations, and community groups in Tanzania, Kenya, Uganda, Malawi, and South Africa met to take stock of what has already been learned about what can be done effectively under existing conditions in their countries, how to ensure that major equity concerns are addressed, and what directions future policy and investment should take.

To review our major findings from Uganda, please [click here](#).

Announcements:

Catalyzing Payments for Ecosystem Services in Africa: A Meeting of the East & Southern Africa Katoomba Group
Nov. 8-10, 2006 Cape Town, S. Africa

[Click to View Resources & Outcomes](#)

NEW! East and South Africa Newsletter Archive

Community Forum: Africa 'Special Edition'

PES Assessment Inventories ready for download for Kenya, South Africa, Uganda, Tanzania, and Madagascar



katoomba africa

Next Steps: Building Markets that Work for Conservation and Communities



Forest Trends
building bridges
for sustainable forestry

Who We Are Program Areas Resource Library Support Us

Katoomba Africa
Katoomba Africa website launched

Conservation 101
Are you asking the right questions about Payments for Ecosystem Services? Get the answers here.

Forest Trends receives the US Forest Service's Global Stewardship Award 2009!

Recent Announcements
Forest Trends achieves another four-year charity status for 2009 fiscal year!

CARITY NAVIGATOR
4.5 stars (out of 5 stars)

NEW NEWS RELEASE: The National Forest Plan: A Step Toward Sustainable Forestry
October 10, 2008

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Recent Events
First Latin American Legal Logging Associated Trade Mission

Recent Publications
NEW! Forest Profit: Success & Challenges in Developing Forest Markets
By Steven Hartweg

NEW! International Carbon Markets
By Brian Stamford

Business and Finance
Forest Trends in International Finance markets. It's clear we go to court systems (E&E)!

China and the World
China's forest products sector leads to feel Chinese products posing local demand of unsustainable impact on local environment. We've done some research and a collaborative with Agricultural Policy, China and the International Information on...

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Current Highlights
It's Not Easy Being Green in Aceh, Indonesia
John-O Miles of Carbon Conservation Pty Ltd writes about the challenges of utilizing carbon finance to protect forest carbon.

MarketWatch
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Carbon Markets

Individual Markets: [Select One] **Market Sectors:** [Select One]

Profile
The Innovator: Lars Christian Smith Takes Protected Areas to Market? On a trip to Africa in 2002, business professor Lars Christian Smith spent four weeks in Tanzania exploring the forest with hunter-gatherers. Along the way, he met up with conservation officers at wildlife parks and conservationists and heard a repeated lament. Small conservation areas were suffering from low funding. Two national parks, Kilimanjaro National Park and Serengeti, subsidized all of the country's other parks.

Features
MunMun Acquires the Sustainable Positions Company for Growth
On September 8, 2007, MunMun Holdings & Equity LLC ("MunMun," NYSE:MINA) announced its purchase of the Sustainable Land Fund. The Ecosystem Marketplace takes a look at the transaction and what it portends for the burgeoning field of environmental asset management.

Editorials
Sierra Gorda Taps Voluntary Markets for Carbon and Environmental Offsets - Again
After years of trying to develop and market a carbon sequestration project under the formal Kyoto rules for Clean Development Mechanism (CDM) projects, the Grupo Ecologico Sierra Gorda has been successful in developing a voluntary market.

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WELCOME TO THE KATOOMBA GROUP
The Katoomba Group is a catalytic network of individuals working to promote the use and acceptance of payment for ecosystem services deals. The Group serves as a forum for the exchange of ideas and strategic information about cooperation services markets and transactions.

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Getting Started: An Introductory Primer to Making PFS Agreements (English | Spanish | Port.)

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East & South Africa (Vol 1 No 5 : 06.2007)
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Trendlines - (Vol 3 No 2 : 03.2007)

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