



World Bank support to Payments for Environmental Services in the Americas



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From mandates to actions:

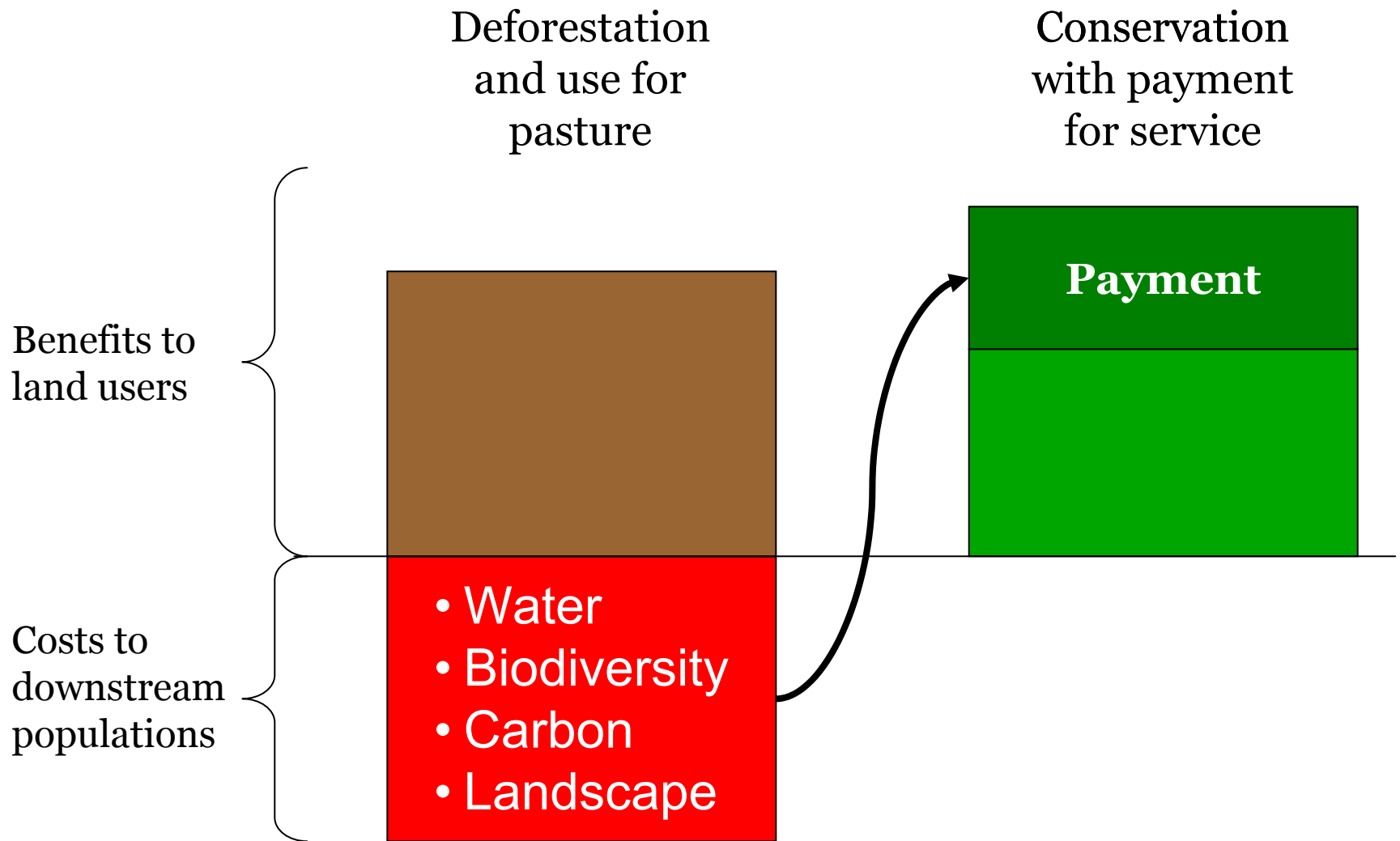
Advancing Payments for Ecological Services in the Americas
OAS, November 7, 2007

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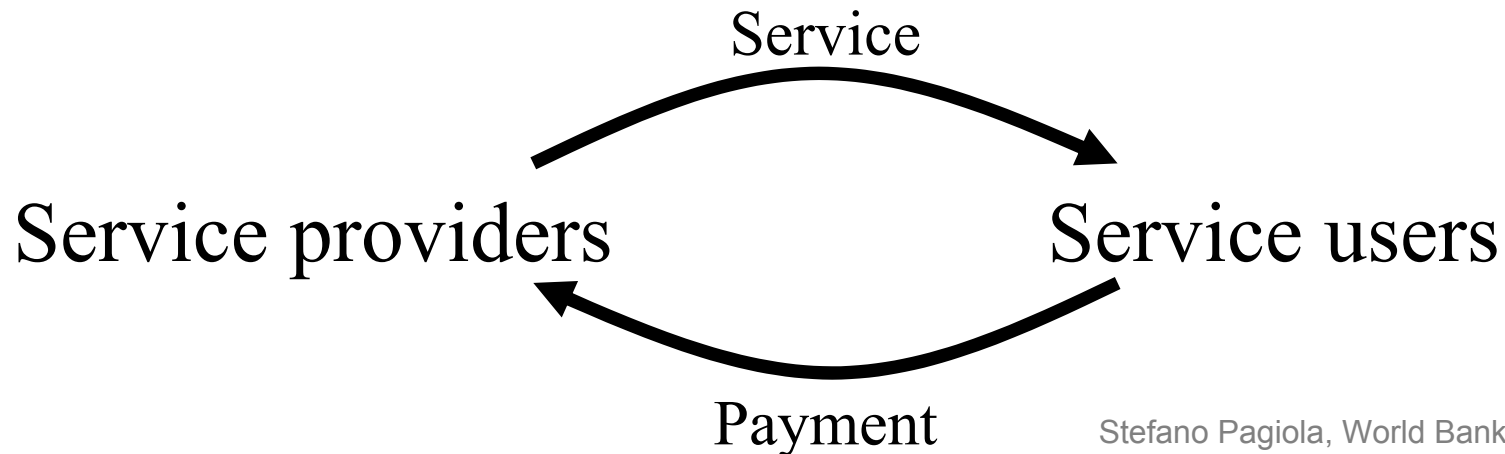
The logic of payments for environmental services



Definition of PES

A mechanism to improve the provision of indirect environmental services in which

- Those who provide environmental services get paid for doing so ('provider gets')
- Those who benefit from environmental services pay for their provision ('user pays')
- Payments are conditional
- Participation is voluntary



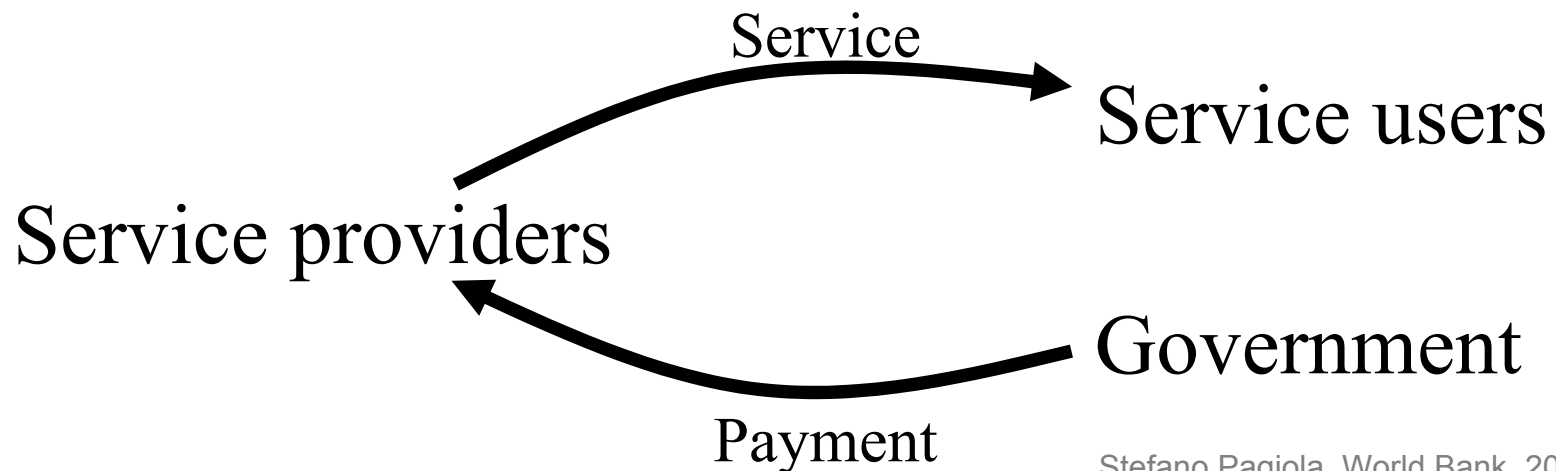
What makes payments for environmental services attractive?

- Generates it's own financing:
 - Brings new financing not previously available for conservation
- Efficient:
 - Focuses efforts where benefits of conservation highest and costs lowest
- Potentially very sustainable:
 - Not based on whims of governments, donors, NGOs, but self-interest of service users and providers
- For this to work, need to:
 - Base payments to providers on payments by users
 - Actually deliver services: getting the science right is critical
 - Tailor mechanism to specific local conditions

Special case: 'Supply-side PES'

A mechanism to improve the provision of indirect environmental services in which

- Those who provide environmental services get paid for doing so ('provider gets')
- The government (or another third party) pays for their provision
- Payments are conditional
- Participation is voluntary



What makes supply-side PES attractive?

- ~~Generates its own financing:~~
 - Brings new financing not previously available for conservation
- ~~Efficient: ?~~
 - Focuses efforts where ~~benefits of conservation highest~~ and costs lowest
- ~~Potentially very sustainable:~~
 - Not based on whims of governments, donors, NGOs, but self-interest of service users and providers
- For this to work, need to:
 - Base payments to providers on payments by users
 - Actually deliver services: getting the science right is critical
 - Tailor mechanism to specific local conditions

World Bank support to PES

Completed projects:

- **Costa Rica:** Ecomarkets Project (US\$33 million WB + US\$8 million GEF)

Projects under implementation:

- **Colombia/Costa Rica/Nicaragua:** Regional Integrated Silvopastoral Ecosystem Management Project (US\$4.5 million GEF)
- **South Africa:** Cape Action Plan for the Environment (US\$9 million GEF)
- **Mexico:** Environmental Services Project (US\$83 million WB + US\$15 million GEF)
- **Costa Rica:** Mainstreaming Market-Based Instruments for Environmental Management Project (US\$30 million WB + US\$10 million GEF)

Projects under preparation:

- **Brazil:** Espirito Santo Forests for Life Project
- **Colombia:** Sustainable Livestock Management Project
- **Ecuador:** Management of Chimborazo's Natural Resources Project
- **Venezuela:** Canaima National Park Project
- **Kenya:** Agricultural Productivity and Sustainable Land Management Project
- **Worldwide:** LULUCF carbon projects (US\$30 million BioCarbon Fund)

Capacity building: Courses in Colombia, Dominican Republic, Ecuador, El Salvador, Kenya, Mexico, Panama, Peru, Senegal, South Africa, Venezuela

Research: Case studies; Hydrological aspects; Poverty links; Valuation

World Bank support to PES

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Projects under preparation:

- **Brazil:** Espirito Santo Forests for Life Project
- **Colombia:** Sustainable Livestock
- **Ecuador:** Management of Chimborazo
- **Venezuela:** Canaima National Park
- **Kenya:** Agricultural Productivity
- **Worldwide:** LULUCF carbon pro

Support to national 'supply-side' programs

- Improve efficiency
 - Move away from one-size-fits-all
- Develop new financing sources
- Support to poor landholders

Capacity building: Courses in Colombia, Dominican Republic, Ecuador, El Salvador, Kenya, Mexico, Panama, Peru, Senegal, South Africa, Venezuela

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World Bank support to PES

Completed projects:

- **Costa Rica:** Ecomarkets Project (US\$33 million WB + US\$8 million GEF)

Projects under implementation:

- **Colombia/Costa Rica:** Sustainable Livestock Management Project (US\$4.5 million WB + US\$10 million GEF)
- **South Africa:** Capacity Building Project
- **Mexico:** Environmental Conservation Project
- **Costa Rica:** Main Component Project (US\$30 million WB + US\$10 million GEF)

Watershed-scale programs

- PES as part of package of solutions to problems
- Systematic approach to mechanism development
 - Problem-centric
 - Science-based

Projects under preparation:

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A systematic approach to PES

What services are needed?

**Treating for
contamination:
\$100,000/year**

» Filtration

**Clearing silt
from water intakes:
\$50,000/year**

**» Avoiding
sedimentation**



A systematic approach to PES

Where are the problems coming from?

Cultivation on steep slopes
Likely source of erosion

Cultivation on mostly flat land
Unlikely source of erosion
Possible source of contamination

Sasumua

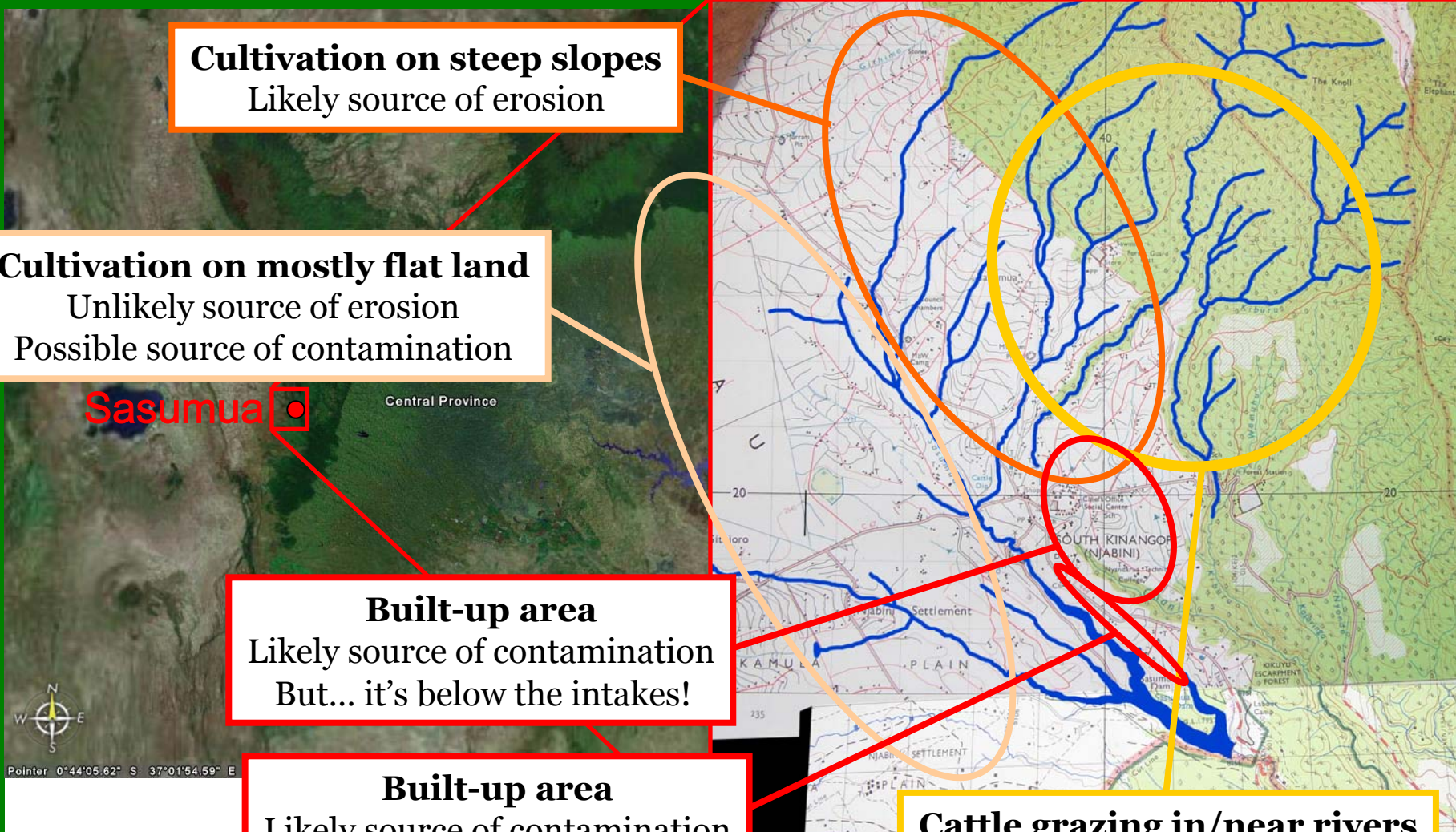
Built-up area
Likely source of contamination
But... it's below the intakes!

Built-up area
Likely source of contamination

Cattle grazing in/near rivers
Cause erosion
Source of contamination



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A systematic approach to PES

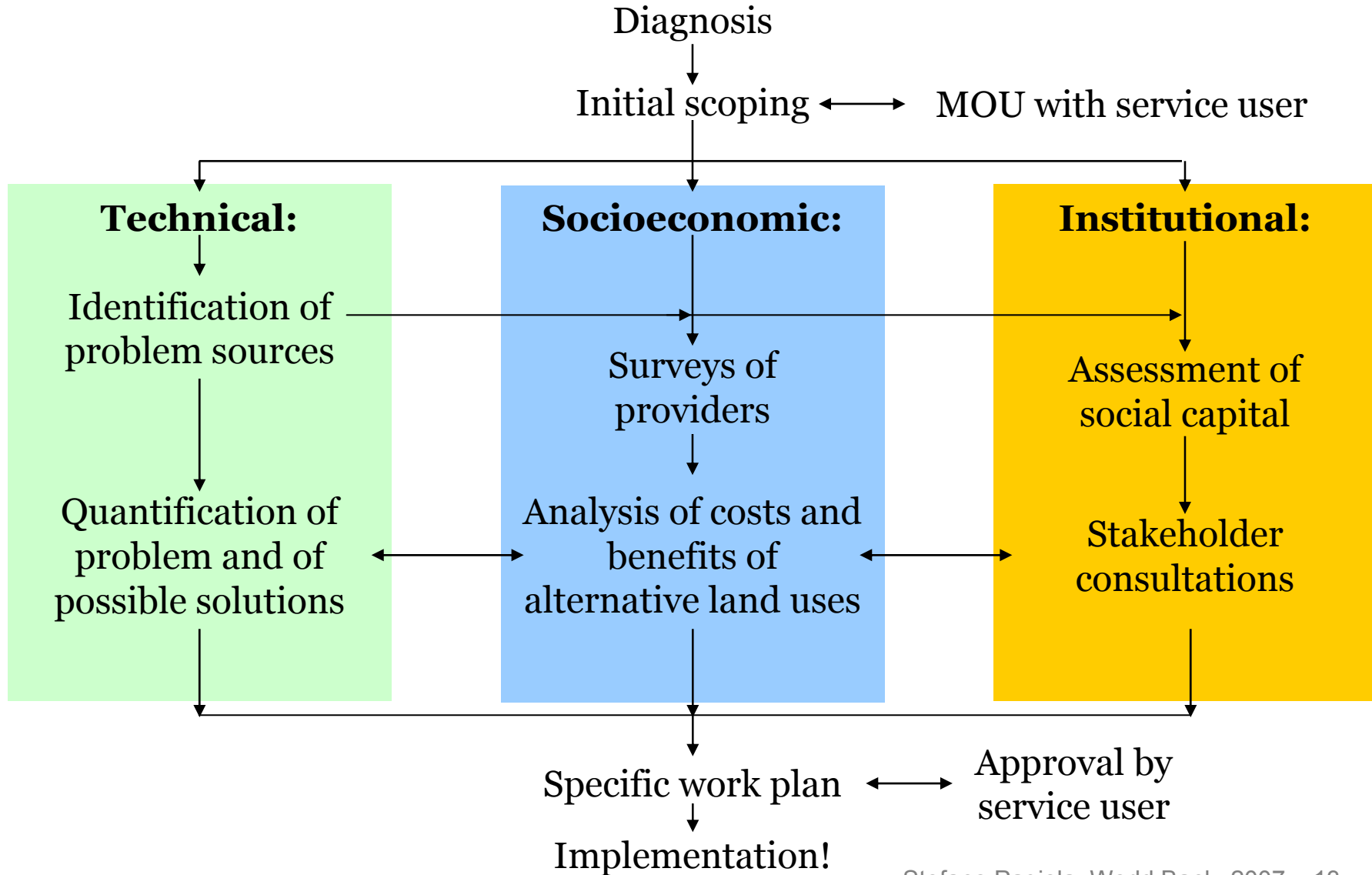
Who are the suppliers?



Several groups of ‘suppliers’:

- Cultivated areas (erosion, water contamination)
- Fuelwood harvest in forest reserve (erosion)
- Grazing in the forest (erosion, water contamination)

A systematic approach to PES



For more information

www.worldbank.org/environmentaleconomics