FRIDAY 19 JUNE 2015 - PARIS

Governing Biodiversity and ecosystem services through market-based instruments?

Theory and practice for decision-makers
Implementing market-based conservation instruments on the ground: achievements and challenges

Esteve Corbera and Driss Ezzine de Blas
5 statements

1. PES/BOs incentivise (additional) environmental conservation

2. Equity and legitimacy are central in PES design and implementation

3. Trade-offs exist between effectiveness and equity

4. Changing productive systems result in longer-term gains than paying to conserve

5. Payments can transform individual and collective motivations for conservation
Case studies

- Belgium: AEM ecol. qual.
- Germany: AEM grasslands
- Eco-accounts
- AEM ecol. qual.

Countries:
- Belgium
- Germany
- Cambodia
- Indonesia
- Mexico
- Costa Rica
- Brazil
- Guatemala

Topics:
- Forest water ES
- Forest biodiversity
- Agricultural ES
- REDD+ reforestation
- REDD+ agriculture
- Reforestation
- Forest water ES
- Forest biodiversity

Locations:
- Forest water ES
- Forest biodiversity
- Agricultural ES
- REDD+ reforestation
- REDD+ agriculture
- Reforestation
- Forest water ES
- Forest biodiversity

Organizations:

[Logos and affiliations]

[Source: invaluable, IDDRI, H, CIDOD]
1. PES/BOs incentivise (additional) conservation

- Robust measuring of conservation requires before-after-control-Intervention analyses

- Deforestation has been reduced, but not halted (Cambodia, Mexico); areas with middle to lower opportunity costs more likely to be enrolled

- Land use activities and productive changes result from balancing out payment levels with expected costs

- Leakages? Rebound effects?
Mexico - Payments for biodiversity conservation

12-14% : High additionality

... but deforestation keeps ongoing in PES
Biodiversity offsets (No net loss)

• More choices of compensation measures: German Eco-Accounts

• Increase transparency & visibility for developers

• Low cost of compensation: license to trash?

• Lack of administrative monitoring: long-term permanence?
2. Legitimacy and equity are central in PES design and implementation

- Equity – participation & empowerment in decision-making; fair use & sharing of benefits by participants
- If instruments « fit » with existing land management practices, adoption levels & perceived legitimacy higher
- Intermediaries aligned with rural development needs & policies enhance perception of legitimacy
3. **Trade-offs** exist between effectiveness and equity

- Perfect couple
- Paying rich landowners is socially and politically sensitive
- ... but paying poor landowners can be environmentally inefficient
- We need to find areas with high density ES, under threat and with poor populations
Carbon offsets - REDD+ pilot

- Scolel Té (REDD+) project: (1997) on-farm agro-forestry systems; now hundreds across >40 communities
- Voluntary carbon markets / Actions targeted at farmers’ needs & local realities;
- Non-right holders able to participate – empowerment in local decision-making
- Funding of activities they were used to do
- Equitable but low effectiveness
Payments to support REDD+ sustainable transitions

- Local PES funded under REDD+ negotiations (Fundo Amazonas)
- Command-and-control measures have affected big landowners; Economic incentives (PES) directed towards poor small farmers
- PES design follows a historical trend in the region supporting fire-suppressed agriculture in small farmers
- Payments settled according to slash-and-burn returns + informative meetings + administrative support to legalise properties + individual agricultural investment plans (no fire, low inputs)
- Equitable and highly effective
4. Changing productive systems result in longer term gains than paying to conserve

- Theory posits that protection stops after end of payment
- Do we need to pay forever?
- Option: Pay to change productive systems

**Silvicultural Practices PES (Pagiola): learning?**

- A - Very profitable for farmers: Credit sufficient
- B - Profitable for farmers once established: Short-term PES sufficient
- C - Unprofitable for farmers even once established: Long-term PES needed
Guatemala - PINFOR

• Plantations
• Ex-ante payments in accordance with investments
• Good soils
• Abandonment of coffee and subsistence crops
• → Forest economy
Costa Rica - Organic production systems

- Adopting cattle eco-friendly practices (recycle organic matter / agroforestry proteins)
- Ex-post payments → of total investment 20-30%
- Improvement in stock density
- → But marginal changes
5. Payments can transform individual and collective motivations for conservation

NEED SATISFACTION MODERATORS

- AUTONOMY
- COMPETENCE (competence, personal development)
- SOCIAL RELATEDNESS (interpersonal relations, procedural and distributive equity)
- ENVIRONMENTAL RELATEDNESS

PSYCHOLOGICAL MECHANISMS

Increased need satisfaction
Increased intrinsic motivations
Increased performance

Decreased need satisfaction
Decreased extrinsic motivations
Decreased performance

Crowding out
Crowding in

PERSONAL CONTEXT (education, culture)

INTERPERSONAL CONTEXT (social norms, institutions)

PERSONAL MOTIVATIONAL PATHWAY

Only extrinsic motivations
Self-dependency continuum

Only intrinsic motivations

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Looking into the future

• Future policy & practice should:

a) Collaborate more closely with research to incorporate impact evaluation protocols since early design

b) Design instruments that take into account the wider policy space, e.g. contradictory incentives, & seek alignment with rural development programs

c) Share information on program design & implementation costs

d) Public sharing of datasets

e) FUND MORE PHDs!
Thank you for your attention