

# **International payments for ecosystem services: a governance strategy for sustainability?**

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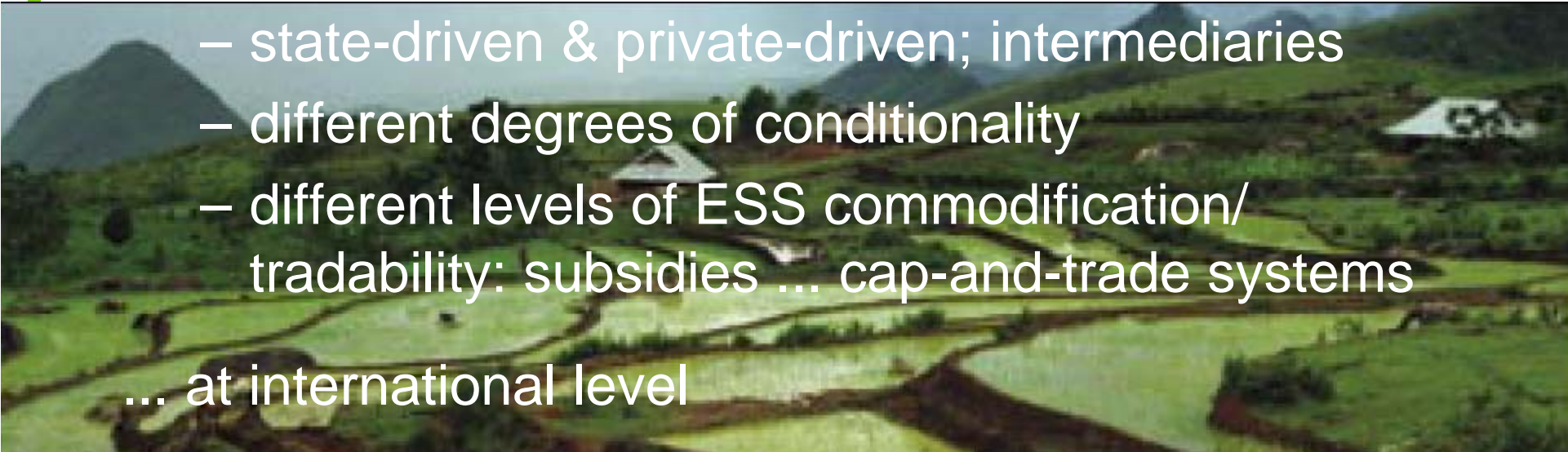
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## Outline

- Introduction
- Four cases:
  - Forest carbon trading under CDM (Kyoto Protocol)
  - Forest carbon trading/ payments under REDD+ (post-Kyoto regime?)
  - ABS under the CBD & Nagoya Protocol
  - ABS under the IPTGR
- Comparison
- Conclusions

## Introduction: Definitions

- Ecosystem services: “the benefits people obtain from ecosystems” (MA 2005)
- Payments for ecosystem services (PES): (above all monetary) incentives to foster the provision of ecosystem services



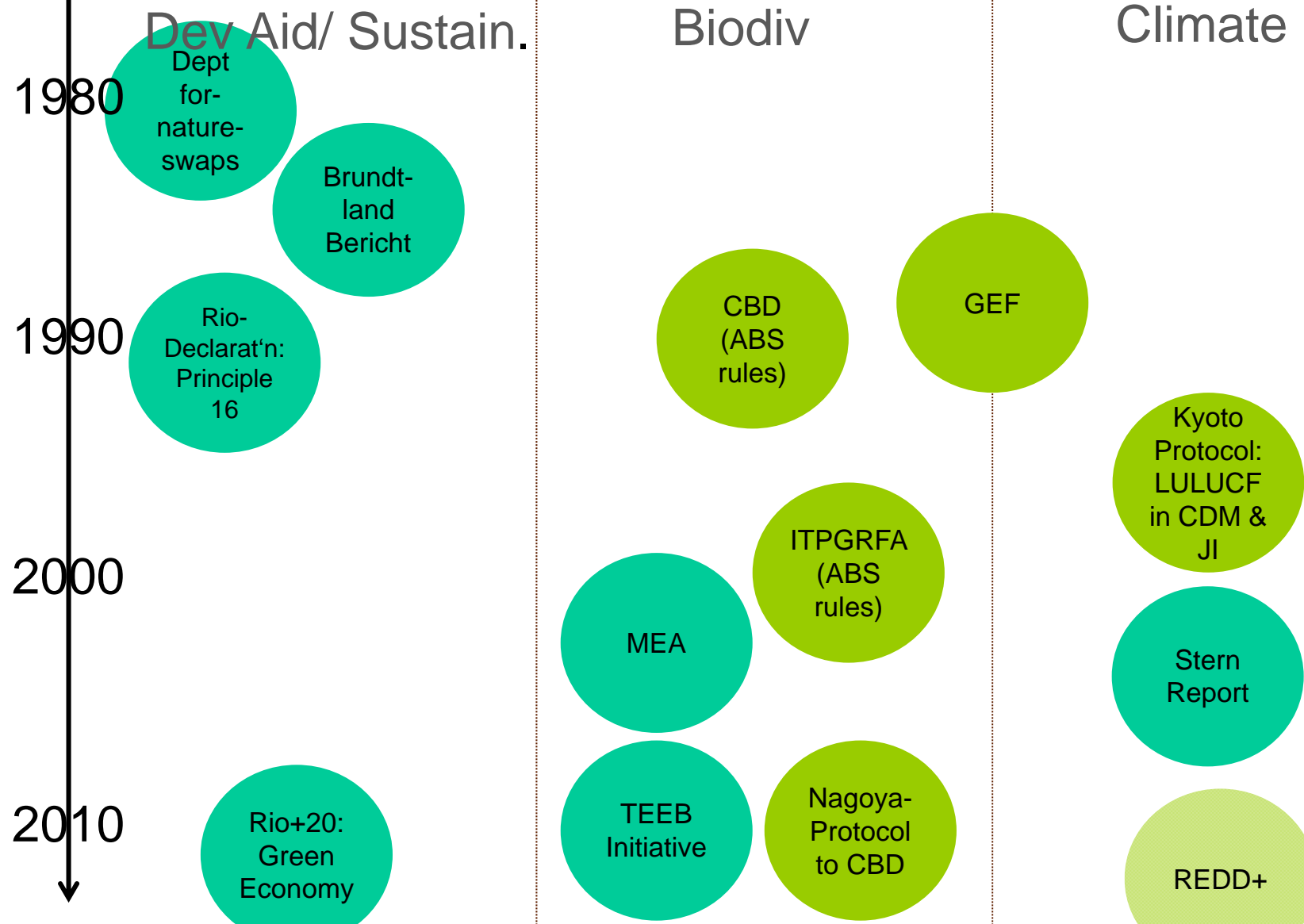
- state-driven & private-driven; intermediaries
- different degrees of conditionality
- different levels of ESS commodification/  
tradability: subsidies ... cap-and-trade systems

... at international level

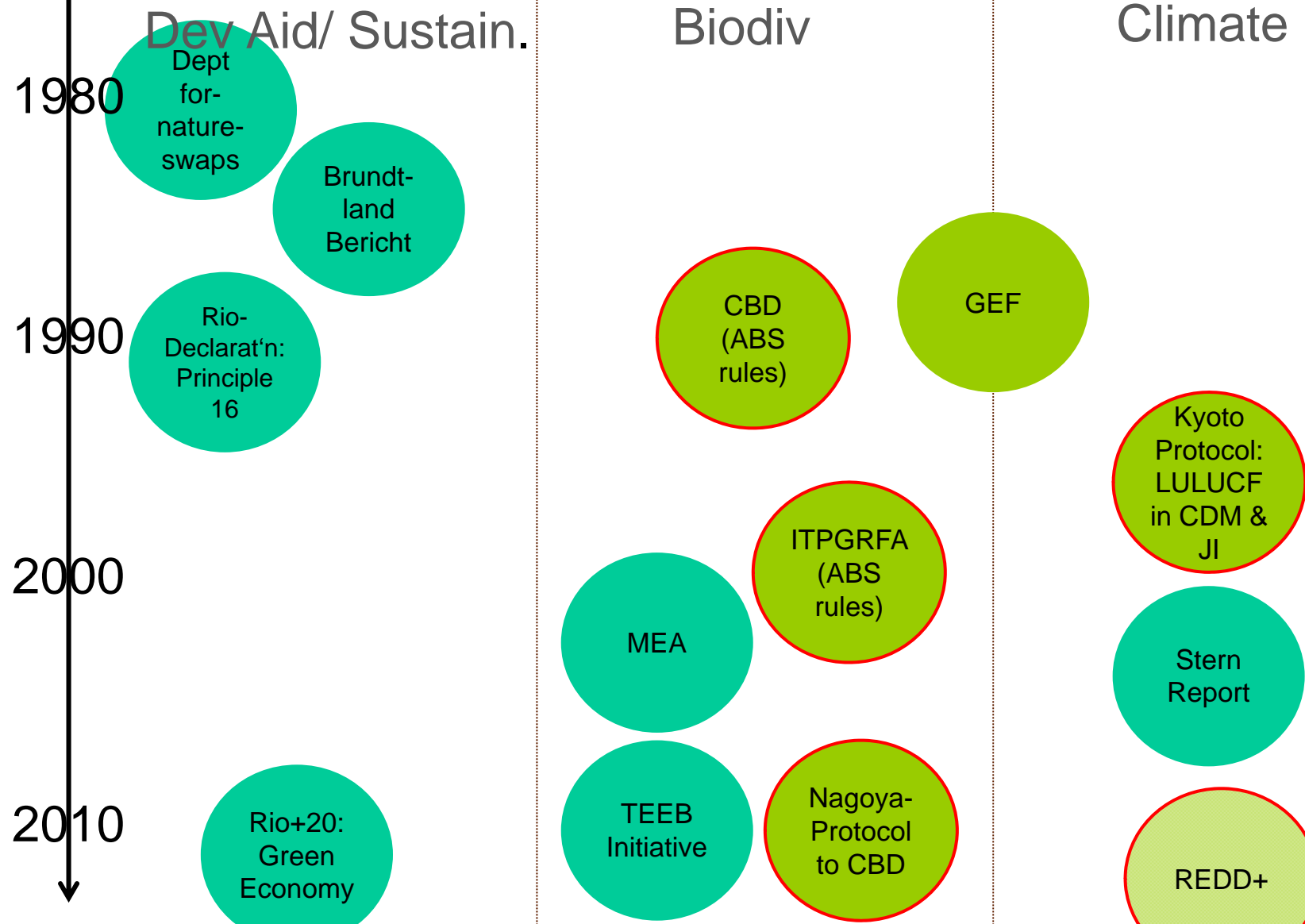
## Introduction

- Diffusion of incentive-based instruments
  - ... from theory to practice
  - ... from domestic level to international level
  - ... from industrial pollution to land-use (“PES”)
- Not uncontested!
- Are (int’l) PES an *effective* governance strategy for sustainability?
  - effectiveness: ‘relative improvement’; side eff.
  - analytical assessment

# Diffusion of PES at int'l level



# Diffusion of PES at int'l level



## Four cases

Case	Type of instrument	Ecosystem service
I. Afforestation/ Reforest. projects under the CDM	Market for forest carbon	Carbon sequestration; climate regulation (regulating ESS)
II. Countering deforestation: REDD+	Market or payment for forest carbon	ditto
III. "Access and Benefit-Sharing" under CBD & NP	Market for GR	Genetic resources (provisioning ESS); indirectly other ESS
IV. "Access and Benefit-Sharing" under ITPGR	Compensation for PGRFA	ditto



# Case I: A/R Projects under the CDM



## Case I: A/R Projects under the CDM

- Background
- Functioning
  - Annex I parties can offset part of their ER commitments through A/R projects in DCs
  - temporary carbon credits (t-/I-CERs) are awarded in accordance with the removal of GHG beyond the baseline; can be traded
  - project requirements
- Effectiveness?
  - mechanism
  - size of (primary) market

## Case II: REDD+

“Reducing emissions from deforestation and forest degradation in developing countries” (REDD)  
 (“and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries”) (+)

## Case II: REDD+

- Background
- Functioning
  - national policies & measures
  - performance to be measured, reported & verified against national baselines
  - results-based compensation through fund or market
  - safeguards to avoid harmful effects
- Expected effectiveness?
  - mechanism
  - market perspectives

## Case III: ABS under the CBD & NP



## Case III: ABS under CBD & Nagoya Protocol

- Background
- Functioning
  - national sovereignty over GR; country of origin
  - benefit-sharing based on bilateral contracts between users & provider country, requirement of PIC & MAT
  - supportive user country measures
- Effectiveness?
  - mechanism
  - market size & amount of benefit-sharing

## Case IV: ABS under the ITPGR



## Case IV: ABS under the Int'l Treaty on PGRFA

- Background
- Functioning
  - national sovereignty over GR; but: no country of origin
  - Annex I: Multilateral, contractual ABS system between recipients & providers (mostly gene banks), no requirement of PIC & MAT
  - SMTA regulates monetary BS
- Effectiveness
  - mechanism
  - volume of transactions & amount of benefit-sharing

## Comparison of cases

- **Functioning**
  - different ESS
  - different product types
  - different degrees of & mechanisms for ESS commercialisation
- **Effectiveness**
  - mechanisms: partly problematic assumptions
  - institutional safeguards: potential for improvement (will mitigate side effects)
  - size of markets/ schemes: still relatively small



## Conclusions

- Despite similarities: a ‘mixed bag’ of instruments → limited potential of ‘learning’ from each other
- ... with strengths & weaknesses →
  - case-based analysis
  - challenges with regard to generalisation
- Need to remain open for alternative instruments (regulation, planning...)!



**Thank you for your attention!**