

OPERATIONALIZING PES MECHANISMS



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MAKING MARKETS WORK

- Confidence in the market



- Secure Property Rights

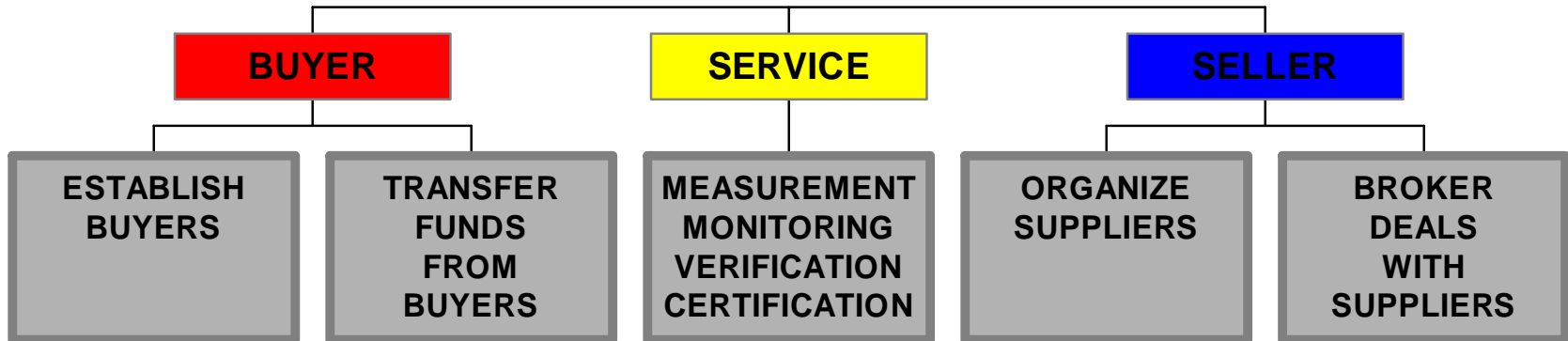
- Competition

- Good flow of information

SETTING UP A PAYMENT SCHEME

- ✓ Assess land and services available
- ✓ Assess land rights and social structure
- ✓ Assess legislative framework
- ✓ Assess local institutions and capacity
- ✓ Provide operational costs for project financing
- ✓ Establish buyers
- ✓ Organize suppliers
- ✓ Broker between buyers and suppliers
- ✓ Transfer funds from buyers to suppliers
- ✓ Monitor and verify delivery of service

INSTITUTIONAL ROLES



LOCAL GOVERNANCE

- Who is allowed to appropriate product [or affect flow of environmental services?]
- Timing, quantity, location and technology of appropriation
- Who is obliged to maintain resource base (for product or flow of environmental service)
- How appropriation and obligation activities are monitored & enforced
- How conflicts over appropriation and obligation activities are resolved
- How rules will change over time

INNOVATIONS TO REDUCE COST

- Build on existing community organization.
 - Design area-based “bubble” projects
 - Specialized service contracts
 - Intermediary management
 - Pool investments
 - Bundle projects
 - Bundle payments
 - Project insurance
 - Brand for SRI

IMPLICATIONS FOR PROJECT DESIGN

- Use Social Impact Assessments
- Provide incentives to pursue multiple benefits
- Pursue forest resource management options that clearly benefit local livelihoods
- Work with intermediaries to reduce transaction costs of local participation
- Strengthen capacity of local people



POTENTIAL ROLES FOR CARE/WWF

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THANK YOU!



www.forest-trends.org



www.katoombagroup.org