



Paying for ecosystem services: governance challenges

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1. Starting considerations

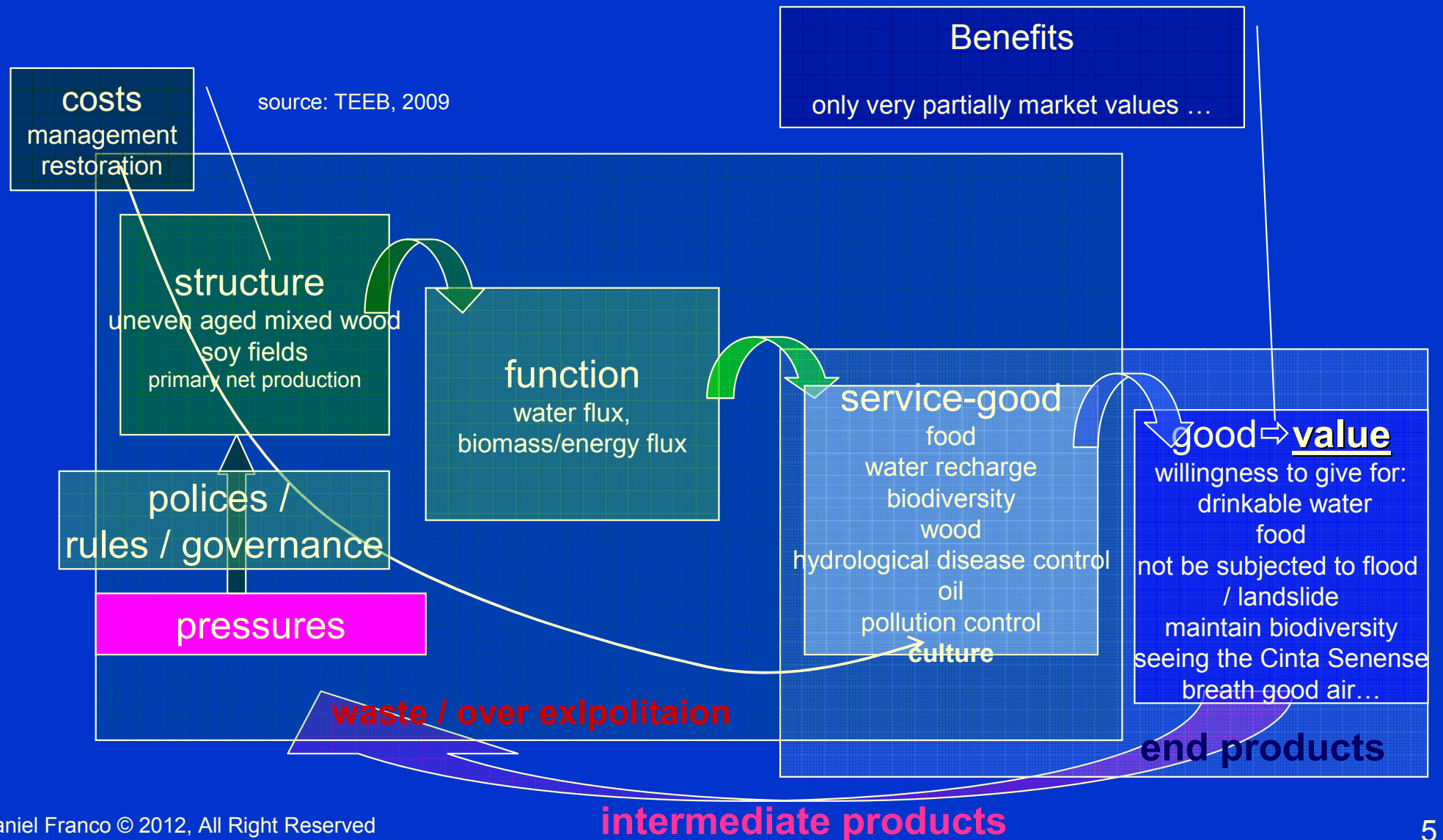


Background

- Ecosystems produce effects that human beings perceive as Services and Goods (ESG)
 - Only a minimum part of ESG has been traded in markets by means of pricing
 - The main non-market value component of ESG can be classified as public or common
1. Local communities and Market ESG
 - local communities can be at least partly excluded from the monetary benefits of exploiting main market goods (oil, timber), but this exploitation impact the other existing ESG
 - non-market ESG are deeply linked to the intrinsic capacity of the ecosystems to produce market ESG



From ecology toward economy: a review



Local communities shared knowledge: a perspective of valuing local needs

1. To make robust trend picture and to speed up management solutions local communities' ecological shared knowledge is an emerging task
2. ESK is a dynamic entity able to rank ES values and the related social capital
 - is more and more used in rural development and conservation programs by means of participatory approaches
3. The relationships framework of ES values / knowledge at the local community and “official” scale allows to rank :
 - the management activities and the economic dimension of ES
 - local communities social needs related to ES



The PES: remarks from case studies and literature

- Our actual system is based on high division of resources into individually owned properties (coordination problems): PES is one possible tool to manage ES maintenance
- 1. Key points in PES functioning:
 - Big efforts to create the market and dominant role of the intermediary
 - Core problems: 1) High level of transaction costs; 2) users' / providers' participation; 3) property rights
 - Central role of public bodies for lowering transaction costs
 - the more flat rate and multi functional the delivering - the worst the evidence of management vs ES delivering
 - Well functioning PES systems demand always cooperative parties
 - a) user financed \Rightarrow b) public bodies PES
 - small, basically focused on single services, transaction costs sharply higher increasing the agents
 - much larger, multiple services (commodity increasingly ill-defined), flat rate payments related to easily observed resources like land, and transaction costs a few percent of the PES payment itself



The P(M)ES: remarks from case studies and literature

1. PES has been seen as a market solution to environmental problems as an alternative to public body govern and/or community governance, but:
 - depends fundamentally on hierarchical institutions and/or communities engagement
 - payments do not follow the market format
 - intermediaries frequently are setting the price
 - users often being unaware even of the fact that they pay
 - Incentive / compensation can bring to negative / positive results
2. To be sustainable the scheme has to be
 1. a long term one (integral part of natural resource management and allocation policy)
 2. Users' driven

2. Working for working PES



Sustainability critical factors

1. From the starting consideration sustainable natural resource management could be achieved with PES
 1. by an active involvement of local communities with a governance rather than government approach
 - participation of local agents in goals and actions definition
 2. by a coherence of goal and action with local shared knowledge and values systems
 - to trigger reciprocity — e.g., emphasizing the self-policing force of creating reciprocal relationships within the providers community and among the users and the providers
 - to better focus the relationships between management activities and ES to be maintained
 3. by a more focused and aware pricing related to the buyers and the providers expectations
 4. by a more focused EC delivering (e.g. less ill defined commodity)
2. All that needs a “good” governance



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What are the governance challenges

1. Communities role
2. Ecological systems management
3. Economic development factors



Key aspects for working solutions

1. Governance of the agents inclusion in the scheme
2. Governance to strengthen the will to act cooperatively
 1. participatory approach to define ES and the management actions for their delivery
 2. bottom up negotiation between users and providers
 3. participative price setting
 - WTP for selected ES related to their motivational structure



3. two examples



Rome case study



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We enough know ...

- that the whole community is quite aware of ESG value
- what are the management activities to maintain over time public/common goods
- where they have to be done
- who are the sellers of these activities and where they are
- who are the buyers
- and that the (same) ESG are subject of the (potentially same) management activities by several of public bodies (by means of planning/management tools)



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What is inadequate ...

- is a non-market component value of ES ...
- clearly stated by the community itself by means of a widely shared criterion which could allow agents ...
 - (citizens, foresters and farmers, public operators, private granted companies, alone or organized)
- to activate on a ecological coherent (local) basis
 - (watershed, protected area, cultural landscape) ...
- PES schemes between buyers and sellers ...
- assured by the governance of a trusted or representative body
 - (to reduce transaction costs and to promote the logic of reciprocity and cooperation)

















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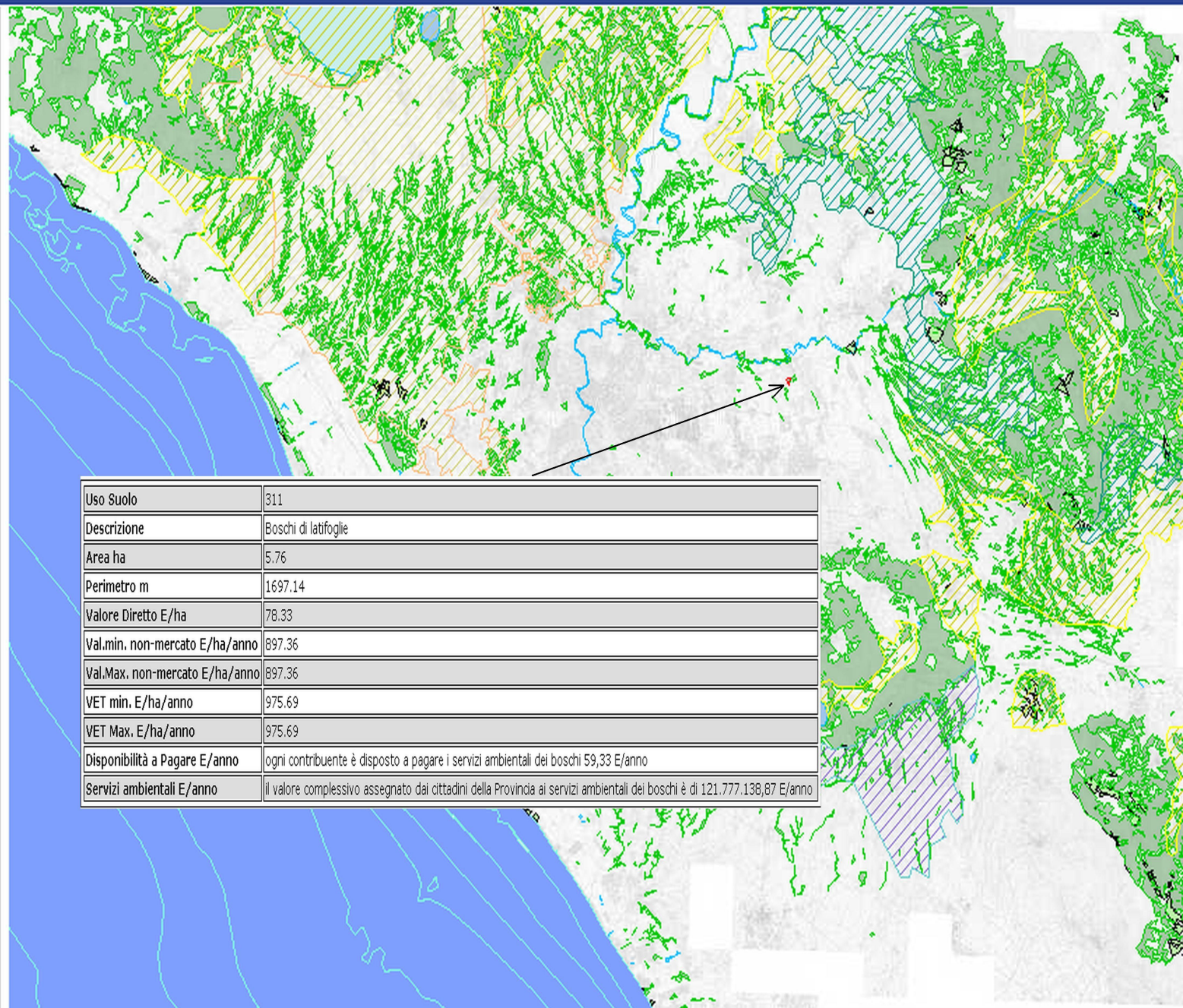
Solutions

- A guarantor body of public interest makes publicly available on a map (property identification) basis benchmark values of the non-market component of defined ES
- Thus, providing to
 - buyers (public bodies - exploiting companies, owners, tax payers, NGO, donors)
 - sellers (farmers, foresters, owners, common land – tenures)
- a robust basics to promote bottom up and locally
 - all negotiation / transaction processes allowed among private and/or public actors and organization
 - PES – schemes activation, environmental damage definition and restoration, land use change decisions, Policy (i.e. rural development) or planning investment
 - a better governance of natural resource
 - effectiveness : comparison of values and investment for ESG, efficiency: comparison of values and rate of overlapping investment of different bodies / actors;
 - Policies / planning: re-considering the non-market goods' role in decision making coherently with social awareness (tax payers)

Province of Rome

- The method used had to be
- Sound
 - representativeness of the social capital represented
 - econometric model(s) used
- Robust
 - transparently cruise on public debate
- Selected CV as method, robustness has to deal with
 - the assumption validation - the kind of verifying
 - systematically consider the possible interaction among the information influencing the CV robustness
 - represent robustness in a repeatable yet popularly accessible way for citizens' valuation

- ☒  Carta Tecnica
- ☐  Volo aereo 2005
- ☒  Costa
- ☐  Confine Province (Province)
- ☐  Confini Comunali
- ☒  Boschi - Zone Umide (Boschi - Zone Umid
- ☒  Bosco Alto
- ☒  Bosco Assimilato
- ☒  Zone Umide
- ☒  Zone Umide Assimilate
- ☒  Paesaggio Collinare con coltivazioni Mist
- ☒  Paesaggio con coltivazioni Miste densam
- ☒  Paesaggio collinare a prevalenza oliveti
- ☒  Campagna romana oltre Tevere



10.0 km



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Cliccare un oggetto

Exporting the case study

- Scheme
 - definition of benchmark values of a defined set of ES
 - bottom up local negotiation of pricing of selected managing activities related to selected ES
- Governance the PES negotiation among stakeholders
 - focusing local communities needs / supply capacity
 - shared knowledge and social awareness of actual ESG values
- Where
 - locally defined relations between area and ES provided, to limit transaction costs
 - High value nature area, recharge basins, watershed, Parks, ...
 - There are conditions for negotiation triggering and governance
- Money come from
 - rural development policies, water policies, Parks budget, ...
 - Donors
- Money go to
 - Activation of a local ES market that can generate (governance)
 - economic re-organization of producers
 - related high nature value production / service marketing

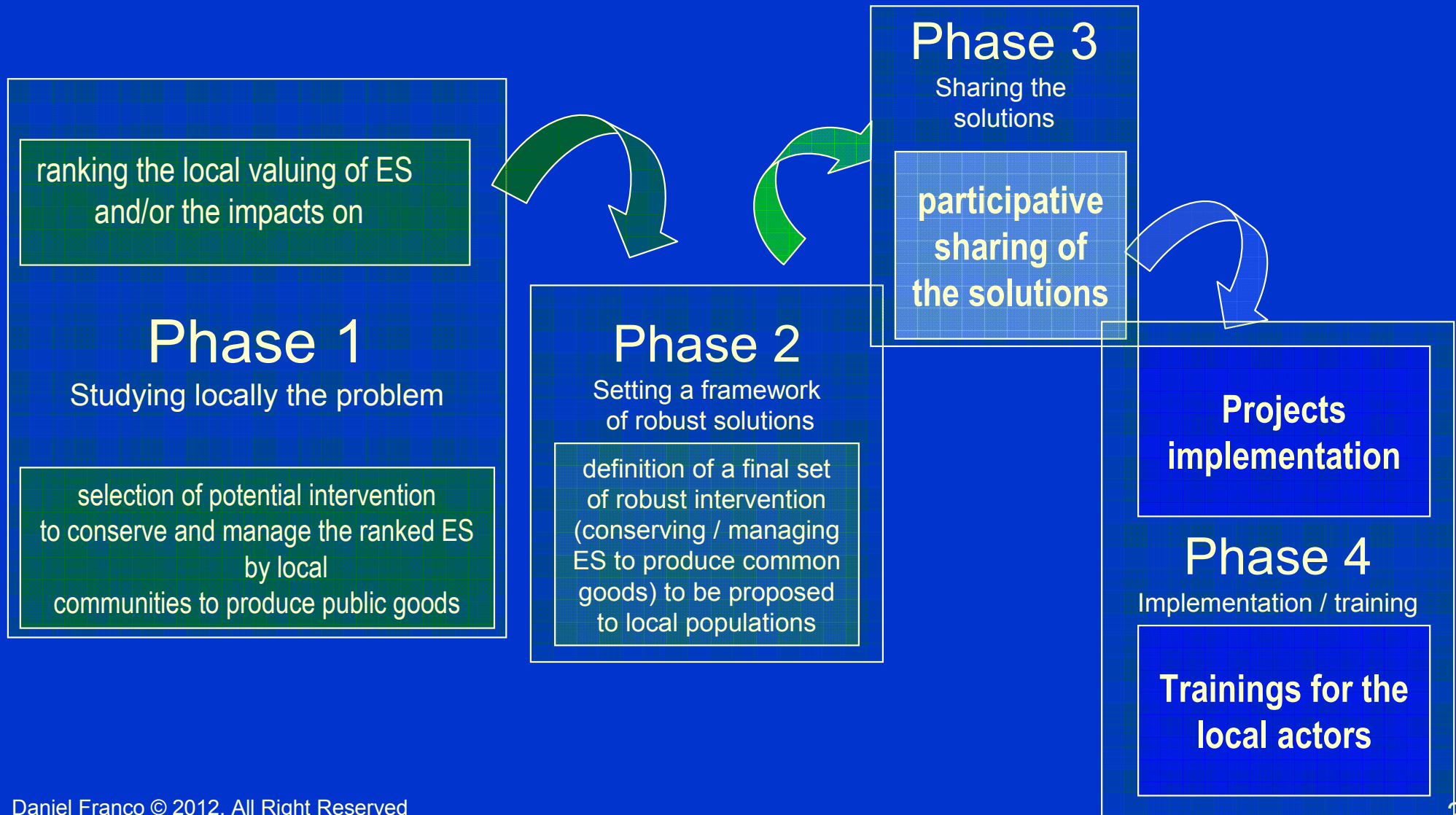


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A proposal for a new PES scheme



The scheme





Phase 1

- A. Identifying the value of ecosystem services (and/or the impact on) as perceived by local communities
- B. Identifying a first set of actions to sustain the ES perceived by local populations as more precious and/or more impacted sectors, i.e.
 - 1. Restoration of ES
 - 2. Local development based on sustainable management of the natural resource connected with the considered ES
 - 3. Local PES
 - management/conservation of the ES of restored ecosystems after exploitation of main marketable goods
 - maintaining the production of common goods and/or local production connected to the ES valued by local communities



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Phase 2

1. Design step

1. each project composed by

- Background information and expected results
- Working plan
- Training plan



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Phase 3

- Sharing the project designed with the local communities by means of a participative process
- Building social approval and fit the projects details on real social needing
- Impact on the social perception of the full scheme
 - Start up:
 - Training of facilitators
 - Participative processes



Aims and achievements

- General aim
 - improving the local population's quality of life on an ecosystem's sustainable management base
- Achievements
 1. Improving of the local markets based on ecosystem quality labeling
 2. Improving local capacity building and knowledge
 3. Create PES for the management/conservation of the pre-existing or restored ES
 4. Implementing the social inclusion of exploiting company
 5. Long term sustained PES by local markets after the start up funded phase

Exporting the project scheme

- Where
 - Presence of local communities / poor parties
 - Presence of impacting activities due to marketable EG exploitation
 - Locally defined relations between area and ES provided
 - High value nature area, watershed, Parks, ...
- Money come from
 - Parks budget, exploiting companies, natural resource management policies...
 - Donors
- Money go to
 - Activation of a local ES market that can generate
 - economic re-organization of producers
 - related high nature value production / service marketing
 - maintaining local identities / culture

All so new ...

1. Sustainability,
2. Right based decisions,
3. Public goods,
4. Participative processes,
5. *Governance...*

The background of the slide is a reproduction of the fresco 'The Buon Governo' (The Good Government) by Ambrogio Lorenzetti. It depicts a vibrant, healthy medieval town. In the foreground, people are engaged in various activities: a man leads a pack animal, a woman carries a basket, and others walk along a path. The middle ground shows a busy town square with a fountain, shops, and people. The background features a hill with a castle and more buildings. The overall scene is one of prosperity and well-being, contrasting with the 'Bad Government' fresco on the opposite wall of the Palazzo Pubblico in Siena.

The *Buon Governo* (governance) allegory

- Ambrogio Lorenzetti tells us about the landscape ES and citizens' wellbeing
- If the landscape management (ES) is based on the good and right governance of the Comune (i.e. the citizens' participation to the common goods management), then the county is healthy and the goods common and durables



The *Buon Governo* (governance) allegory

- If the government is tyrannical does not care of common goods and rapes (over exploit) the landscape resources (ES): the county is destroyed, the citizens are poor and suffering injustice



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Thank you for attention

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Possible discussion points

1. Key points agreement:
 - governance aspects
 - communities role
 - valuing role
 - focusing management actions (more than mere land use) vs ES delivered
 - ecologically coherent area
2. Case studies
 - Driving features already presents elsewhere?
 - Opinions about exportability?