

What can Payments for Ecosystem Services learn from Voluntary Social and Environmental Standards and vice versa?

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Social and Environmental Standards

Aims

improving ecosystems like forests or agricultural ecosystems or social conditions of production by implementing existing regulation and voluntarily exceeding regulation.

Examples



The Forest Stewardship Council promotes the responsible management of the world's forests
ca. 144.000.00ha certified forest in 79 countries



Premium price to producers' associations, guaranteed prices, More than 1.6 million producers and workers in 60 developing countries benefit



one of the largest sustainability programs for coffee, cocoa and tea in the world,
1/3 of world-wide traded coffee is certified

Institutional Arrangements

Voluntary social environmental standards are mostly set by an independent stakeholder body.



Producers deploy a set of environmentally-friendly practices which are defined by the standard and are audited by third-party bodies. Their products are allowed to be labeled so that consumers can distinguish between the different products on the shelf.



Consumers, mostly in industrialized countries, often pay a price premium to the retailers for purchasing such a product. Consumer demand is driven by NGOs publishing reports about environmental and social conditions in the producer countries.



Large companies and retailers react to the demand of consumers and improve the performance of their supply chain focusing on social and environmental conditions in the production of goods (Conroy 2008).

Water-related PES schemes

mostly supporting the provision one service like of drinking water and the protection of hydropower dams in integrated watershed management at the local level

Pilot phase: 50 working schemes world-wide mainly at the local level (Porrás et al. 2008)

Pilot phase: Drinking water supply in the city of Palampur / Himachal Pradesh, India, water authorities pay users of land around the spring for protecting the spring

Mature Scheme: Drinking water supply of the prosperous place Dhulikel / Kathmandu Valley, Nepal For ca. 20 years, the water users association has paid a school and cash to a village near the spring for the provision of drinking water because the village lacks other income like transfers by the national government

Payment

Providers of the ecosystem services invest in services provision by changing their behavior like planting trees or avoiding landslides. The underlying assumption is that the providers that have the (formal or informal) right to use the ecosystem and that their behavior can not be changed by regulation.



Users of a specific ecosystem service pay providers of this ecosystem service in order to obtain a higher amount of this service like drinking water or protection from siltation of dams.

Lessons learnt:

1. For PES schemes

- The willingness to pay does not depend on the material benefits alone, benefits of standards for consumers are rather ill-defined. The global approach of standards seems to work linking consumers in developed countries with producers in developing countries.
- PES schemes are mostly designed in the context of technical cooperation projects. The consequent market-based approach of standards using existing institutional arrangements in the supply chain of large companies has caused their success. If PES schemes are designed they should build on existing mechanisms. They even can be linked with existing voluntary standards for forest and biodiversity management.

2. For Standards

- The clear definition of ecosystem services – which is the conceptual basis for PES – by the standards can be used for measuring the impacts of standards and supporting their scaling-up.

References

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