

# SETTING IN PLACE PES: NEGOTIATING ARRANGEMENTS



Janet Arlene R. Amponin

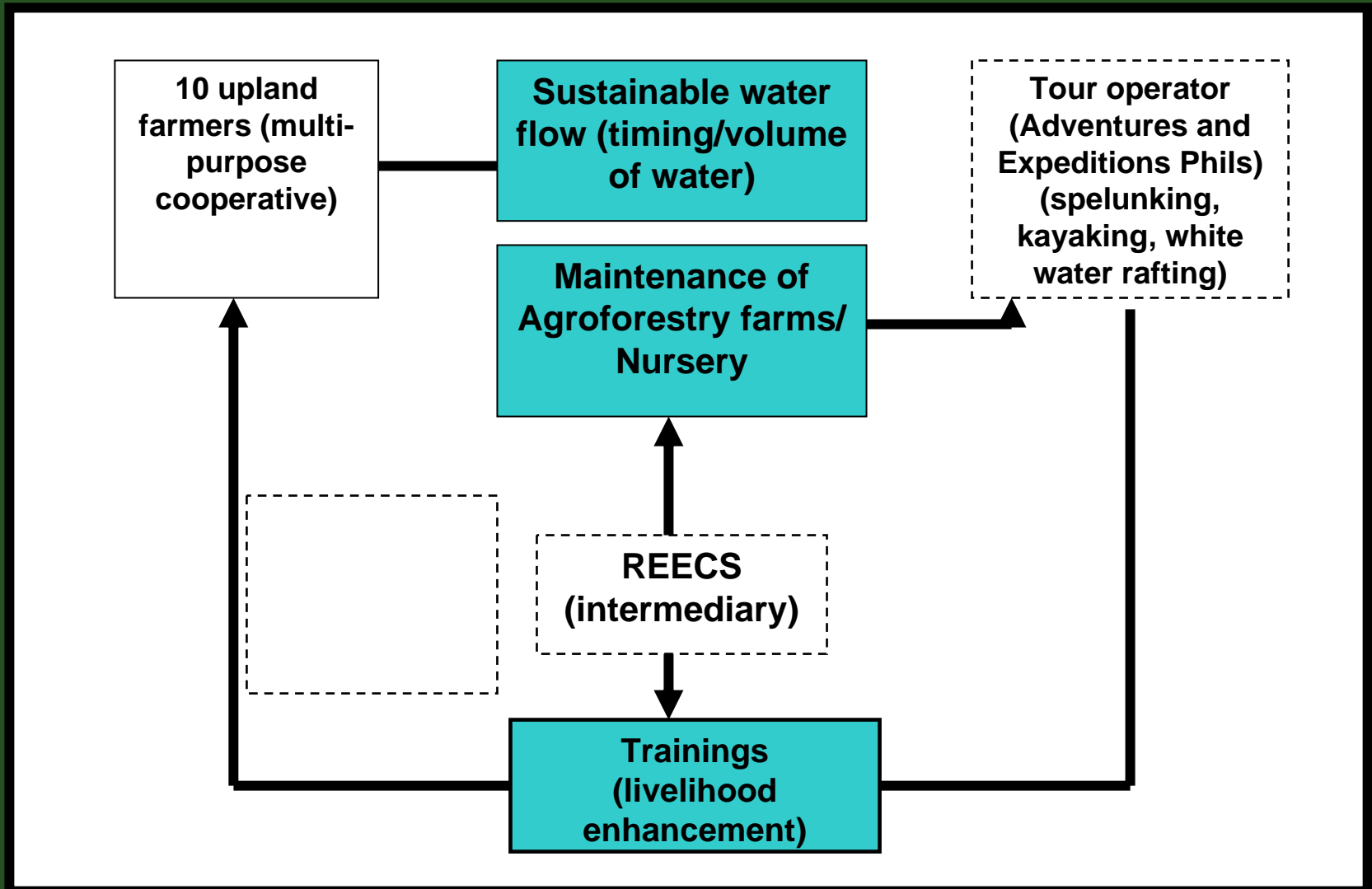
IWLEARN Regional Workshop on  
Payments for Environmental Services

Melia Hanoi Hotel, Hanoi, Vietnam

3-5 April 2008



# PES SET-UP IN PPLS: Memorandum of Agreement for 1 YEAR



# CHALLENGES

- **Selecting the Sellers**
  - **CREDIBILITY?**  
Involvement in destructive forest activities
  - **CAPABILITY?**  
Lack of alternative livelihood and skills to engage in the desirable land use
  - **POSSIBILITY?**  
Local dynamics
    - Interest
    - Dole-out mentality
    - Trust issues



# ACTIONS TAKEN

# CHALLENGES

- Finding the Buyer/ Intermediary
  - Perceptions
    - Water gift from God
    - Communities should not be paid for something they should be doing
  - Sensitivities of key individuals/groups
  - “Payment” term
  - Local politics
    - Dealing with opposing political affiliations
  - Weak institutions
    - Credibility, good governance, transparency issues



# ACTIONS TAKEN

- Finding the Buyer/ Intermediary
  - Perceptions
    - Water gift from God
    - Communities should not be paid for something they should be doing
  - Sensitivities of individual/groups
  - Mode of payment
    - Cash payment
    - “Payment” terminology
  - Local politics
    - Dealing with opposing political affiliations
  - Weak institutions
    - Credibility, good governance, transparency issues
- Aggressive IECs and advocacy campaigns
- Established strong relations
  - Regular consultation and updating
- Open to certain compromises
- Careful assessment of intentions
  - Real versus political agenda?
- Lots of diplomacy

# LESSONS LEARNED

- Negotiation is a long process
  - Dealing with different groups with various interests/sensitivities
  - Series of consultations/discussions
  - Public relations
- IEC is a key complementary tool





# LESSONS LEARNED

- Binding contract to avoid potential problems
  - Clear and assured incentives and commitments for buyer/seller
  - Fair contractual arrangement
  - Conditionality element for payments
  - Appropriate monitoring/feedback mechanisms
    - Securing continuous exchanges of environmental services and payments



# LESSONS LEARNED

- Credible intermediary
  - Handle monitoring work

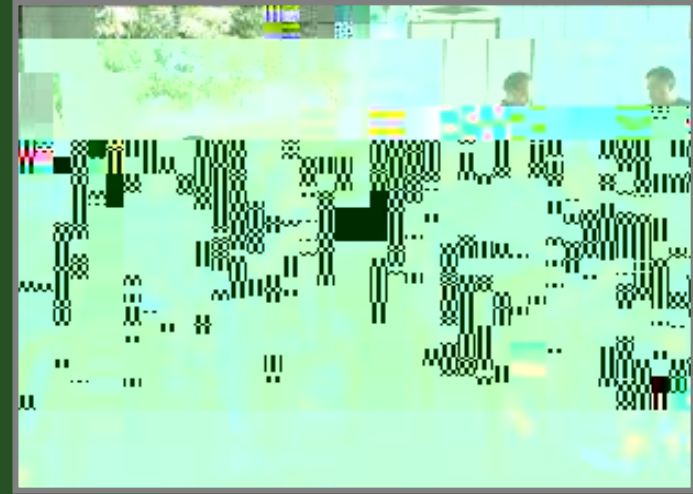
# KEY ISSUES AND GENERAL INSIGHTS

1. Identification of ES to be traded

2. Consideration for local dynamics/politics

- Deal with sensitivities of people/groups with well-meaning intentions
  - Packaged not to threaten other groups

# KEY ISSUES AND GENERAL INSIGHTS



3. Attaching a **capability building and livelihood program** lessen transaction costs in finding ES sellers
4. **Imperative to organize buyers/sellers** into groups with only one representation to limit negotiation costs to a minimum
5. **Clear, simple, specific contract** acceptable to all participants with appropriate monitoring/feedback is important

# KEY ISSUES AND GENERAL INSIGHTS

## 6. More difficult to find buyers than sellers

- More wary on how funds will be used
- Results to costly negotiations and need for safety nets against misuse of funds

## 7. Appropriate/credible intermediary is integral

- Impartiality
- Awareness/ knowledge of the issues at hand



# KEY ISSUES AND GENERAL INSIGHTS

8. PES proponents must continuously expand knowledge of links between environmental services and land use technologies (SCIENTIFIC EVIDENCE)
  - to expand and strengthen business case

