



Towards effective stakeholder Engagement in Payment for Ecosystems Services

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Payment for Ecosystem Service (PES) is an economic incentive in which stakeholders are compensated for managing resources in order to provide an ecosystem service without using or harvesting a resource (Sterling et al. 2017). Wunder (2005) also defines PES as a voluntary transaction where a well-defined ecosystem Service for example, a land-use likely to secure that service is being 'bought' by a (minimum one) buyer from a minimum provider if and only if the ecosystem service provider secures ecosystem service provision (conditionality).

Key messages

- An effective PES should emulate the 5 levels of stakeholder engagement i.e. Participation, Consultation, Involvement, Collaboration and Empowerment
- Inclusive gender participation and transparency ensures ownership, solidarity and the integration of local experience and traditional knowledge
- Paramount to understand and respect governance and social-cultural context of providers of the ecosystem service
- Stakeholder dialogue platforms organized in setting acceptable by providers of ecosystem service but supported by buyer of the ecosystem service are pivotal for fair and non-coercive decision making
- Economic benefits (payments) for ecosystem conservation should be made at an agreed time through a participatory process built on principle of free prior and informed consent
- PES in Uganda should be public-private in form and function.

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Introduction

PES is intended to increase the provision of an ecosystem over and above what would otherwise be provided in absence of payment. PES as an economic instrument not only promotes environmental conservation but also increases the financial viability of sustainable ecosystem management and yields significant conservation benefits of ecosystem services. PES provides a framework for the voluntary, public and private sectors to work together to conserve nature (Smith et al 2013).

One of the largest and long-standing PES is in Costa Rica dating as early as 1997 and nearly one million hectares of forest have been preserved through PES programmes, helping to increase the country's forest cover to 50 per cent from 20 per cent (UNDP, 2015).

In Uganda, PES has not built the necessary momentum. A few initiatives by civil society such as Environmental Conservation Trust of Uganda (ECOTRUST) and Nature Harness Initiatives (NAHI) exist. These include but not limited to a PES modality in Sironko and Bulambuli around the Mt. Elgon, where farmers are provided cash payments as an incentive to promote conservation and restoration of natural resources.

Additionally, National Environment Bill (2017) lays a foundation for recognition of PES. The bill provides for the National Environment Management Authority (NEMA) in collaboration with the relevant lead agencies to identify activities and set up mechanisms for PES.

Aim of the brief

This brief intends to inform the draft National PES guidelines formulation process about possible strategies to enhance stakeholder engagement in national PES processes.

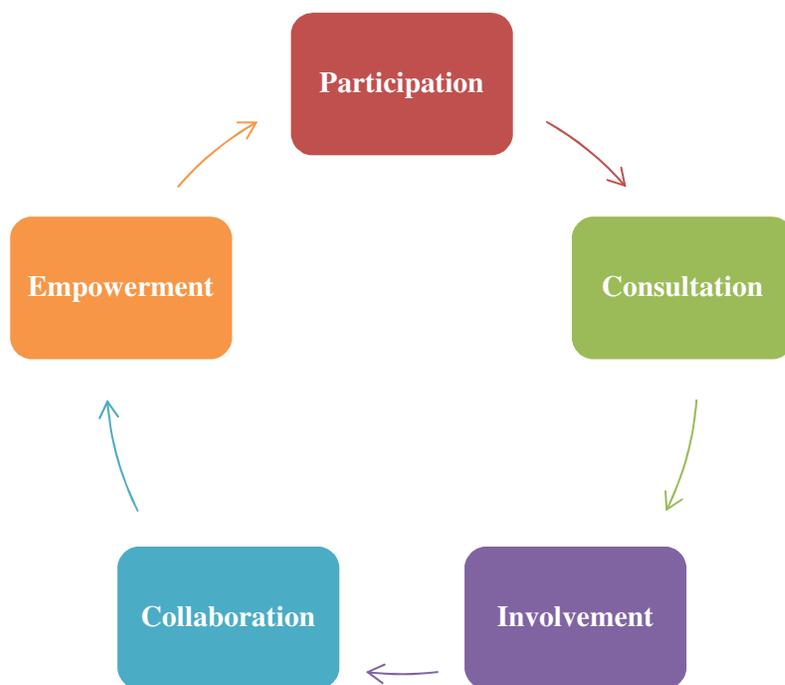
Now that NEMA is drafting the PES guidelines, it is imperative that a clear mechanism is put in place and adhered to such that stakeholder engagement is well defined, emulated, addressed and respected.

Overview of stakeholder engagement in PES

In the context of PES, a stakeholder is any individual or group that can affect or is affected by the ecosystem's services. Noting that interventions framed around the perceptions of one stakeholder group may not appeal to all groups and could lead to disengagement, it is imperative to consider a diversity of stakeholder values. Therefore, the correlation between stakeholders, the provider or the buyer of the ecosystem service and PES process makes the focus on stakeholder engagement in PES paramount. Sterling, *et al* (2017) highlighted some benefits of stakeholder engagement, such as;

- Reduced marginalization of those underrepresented in decision making
- Increased stakeholders' trust and ability to work on decisions
- Improved credibility of information
- Promoted legitimacy of the PES process
- Created a positive attitude towards conservation efforts.

Figure 1: Levels of Stakeholder engagement in PES



Source: Author

Types of PES Schemes

There are 3 broad types of PES scheme:

1. **Public payment schemes** through which government pays land or resource managers to enhance ecosystem services on behalf of the wider public;
2. **Private payment schemes**, self-organised private deals in which beneficiaries of ecosystem services contract directly with service providers; and
3. **Public-private payment schemes** that draw on both government and private funds to pay land or other resource managers for the delivery of ecosystem services.

Barriers to PES

According to Wunder (2005), public PES schemes are generally larger in scope and more legitimate as opposed to private PES schemes. However, he argues that though public schemes tend to be large and with legitimacy, often tend to focus on political interests rather than supplying ecosystem services.

Despite PES being a voluntary framework, Wunder (2005), reveals that the state can act on behalf of the ecosystem buyer by collecting taxes and grants and paying alleged Ecosystem Service Providers, as it is the case in Costa Rica, Mexico, and China.

Table 1: Pros and Cons of PES

Pros	Cons
<ul style="list-style-type: none">• Flexible instrument compared to command-and-control regulation, allowing high customization to local circumstances.• Behavioral changes are promoted with positive incentives rather than coercion, more likely leading to transformational change.• May help to correct market failures by pricing conservation efforts.• Provide opportunities for cash income in rural areas where poverty might be concentrated.• Rural communities can benefit from increased knowledge of sustainable resource use practices through the provision of training and technical assistance.	<ul style="list-style-type: none">• The economic valuation of ecosystem services is a difficult and still costly process, despite innovations in techniques and technology• Implementation might be costly due to the specifics of design, negotiation and implementation of the programme.• Not meant for poverty reduction but primarily to offer economic incentives to foster the conservation of ecosystem services.• Data intensive and connected to needs of life such as land resources, which is a known challenge in many developing countries.• May limit the flexibility of local government and communities in making decisions on their own development particularly where easements or long-term contracts specify a narrow range of alternatives.

Source: UNDP, 2015

Ways of engaging stakeholders in the PES

Stakeholders can be involved in PES through the following ways;

- Awareness raising. Stakeholders may be engaged in raising awareness on the concept of an intended PES scheme so as to generate ideas on the design of the scheme (Greiber, 2009). This may break the barrier of the misconception about the PES and build trust among stakeholders, while ascertaining stakeholder views on the design and structure of the scheme. Such awareness should target individuals or groups that are likely to be affected by the scheme or who may affect the scheme especially the local communities.
- Participatory research. Stakeholders such as local communities and civil society organizations may be involved in research especially during the feasibility study so as to enhance the credibility of information, in addition to promoting the legitimacy of the process.
- Knowledge sharing and information. Intermediaries, beneficiaries and sellers of ecosystems services may be engaged under a common knowledge forum to share information and promote learning across and between PES schemes. It is envisaged through such forum, collaboration may be strengthened which may spur coordination thus contribute to a positive attitude of sellers especially local communities to embrace and support the PES scheme.
- Implementation of PES activities. Stakeholders may directly participate in PES schemes through a number of initiatives such as actual restoration of an ecosystem through tree planting, designing access rights for a particular ecosystem, a few to mention. This may help to build trust in the scheme and enhance effective governance especially where there is transparency and access to information.

Conclusion

Engagement of stakeholders, especially local communities in PES doesn't only improve their human well-being realized from monetary incentives as a supplementary to their sources of incomes but also helps in determining the structure of an effective PES scheme through shared ideas on the design particularly during initial scoping and negotiations.

Recommendations for effective stakeholder engagement in PES

1. Undertake a stakeholder analysis to determine the key stakeholders needed at the different levels of engagement in a particular PES scheme. After analysis, trainings should be undertaken to foster understanding and appreciation of PES concept especially with local communities so as to make informed decisions.
2. Establish open and inclusive governance systems. Experiences from Costa Rica and Mexico, the creation of PES management committees provided a mechanism for stakeholder participation, thus allowing stakeholders to learn from one another and engage directly in the process (Greiber, 2009).
3. Establish a stakeholder platform. Committees alone cannot embrace the diversity and meet the benefits of different stakeholders in a PES scheme. Thence, stakeholder platform, designed to suit the environs of key stakeholders, especially the providers of the ecosystem services, may bring together the different stakeholders affected by or interested in the PES scheme to share information, build capacity and resolve conflicts.
4. Ensure transparency and prior informed consent during decision-making processes. For stakeholders to be affected, transparency may contribute to enforceability of safeguards. The greater the transparency in establishing objectives, deciding on measures and reporting on achievements,

the more care stakeholders will take to implement decisions in good faith, and the greater the power of the public will be to influence decision-making and implementation, whether through consultation among other processes.

5. Policy makers should promote favorable conditions for dialogue at all levels to facilitate public participation in decision-making. This should be conducted at an early stage of PES development, when all options are open and effective public participation can take place.
6. Economic benefits whether cash or in kind accruing from conservation should be timely to attract local community participation in PES. Sterling, *et al* (2017) has noted that failure to deliver funds at an appropriate time may discourage stakeholder participation in PES schemes. It has been argued that inclusion of short term and long term benefits can promote stakeholder engagement in biodiversity conservation.

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Environmental Management for Livelihood Improvement Bwaise Facility (EMLI) is a registered membership, environmental, non-governmental and non-profit making organization (S.5914/7912). EMLI works with others to improve the livelihoods, influence policy and tackle environmental issues.

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