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Identifying Marketable Environmental Services

IWLEARN Regional Workshop on
Payments for Environmental Services
Melia Hotel, Hanoi Vietnam
April 3-5, 2008



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Criteria to consider

- What types of values are undervalued and what kinds of payments are most tangible?
- Who are the potential buyers/key decision makers?
- Should payments be based on supply or demand side?
- To what extent can different environmental management options address the needs of the buyers?
- What is the scientific basis for them?
- To what extent do payments/rewards off-set opportunity costs – sufficient to change behavior?
- To what extent can different payment options support and possibly supported by government policy initiatives?



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Types of: Payment for Environmental Services

- Biodiversity
- Water
- Carbon
- Aesthetic values





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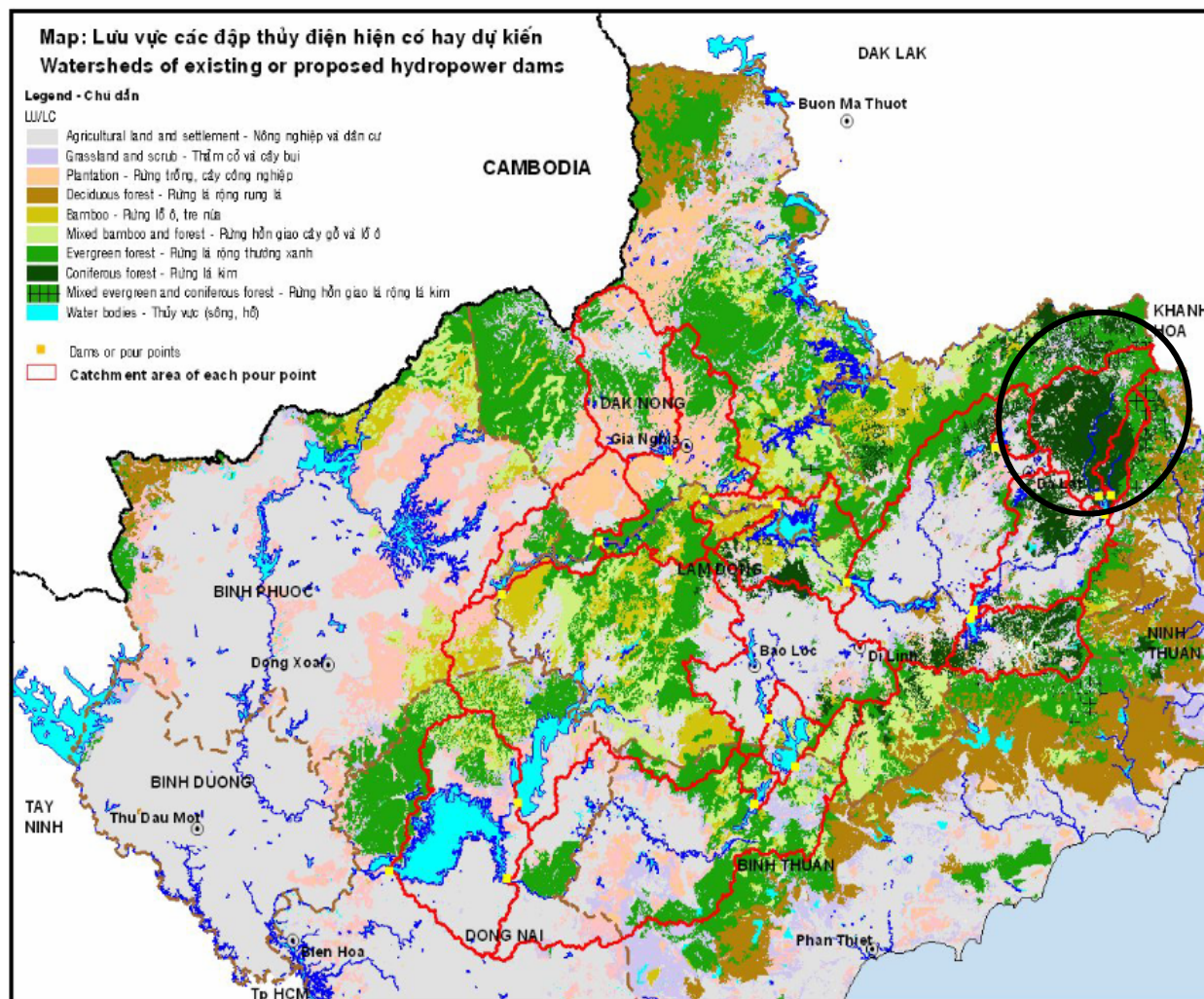


Establishing watershed values in Lam Dong Province



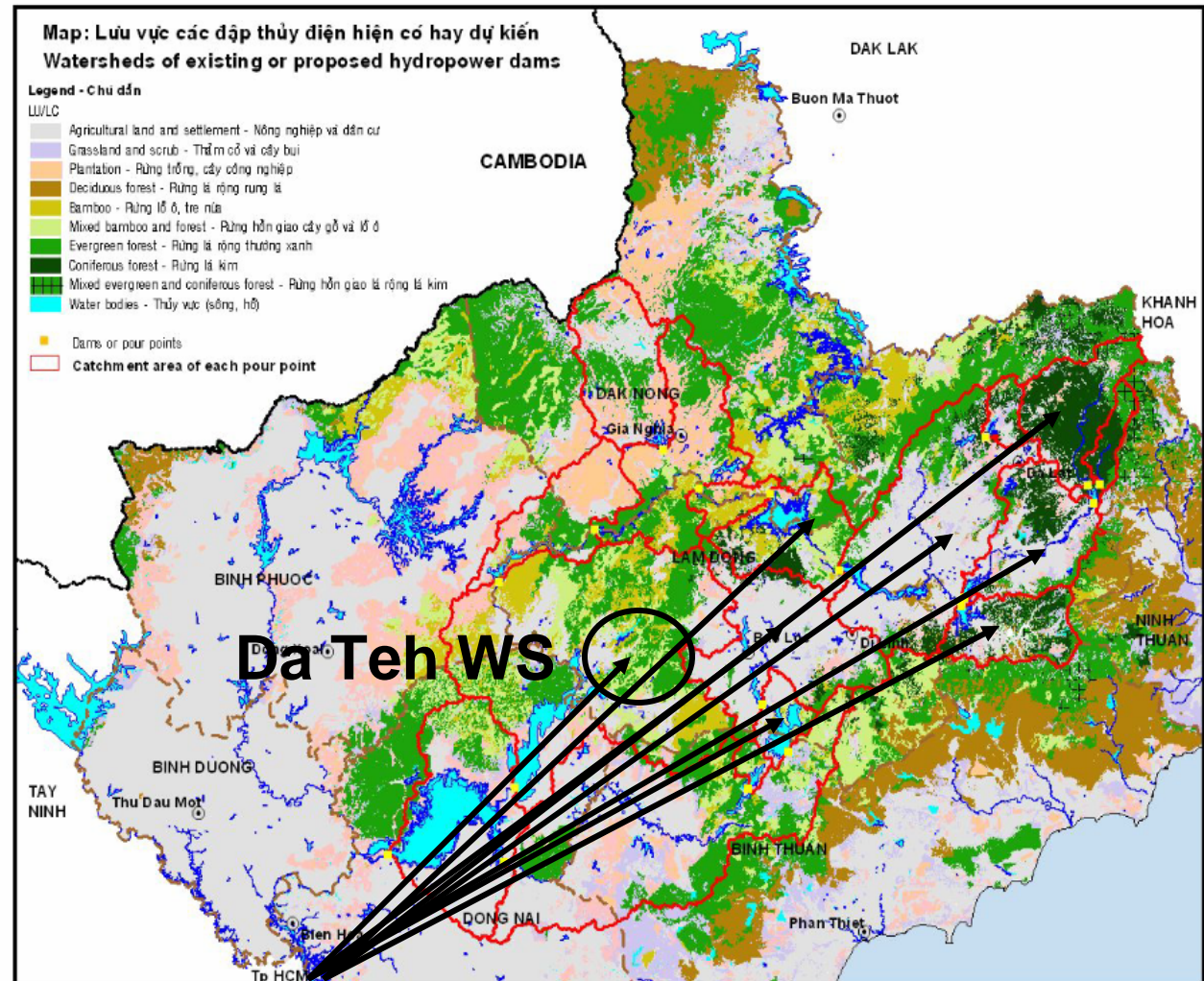


Area of potential watershed PES revenues from Hydropower





Payments from SAWACO for avoided erosion and water quality





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ES values - different PES values and costs are important to different stakeholders

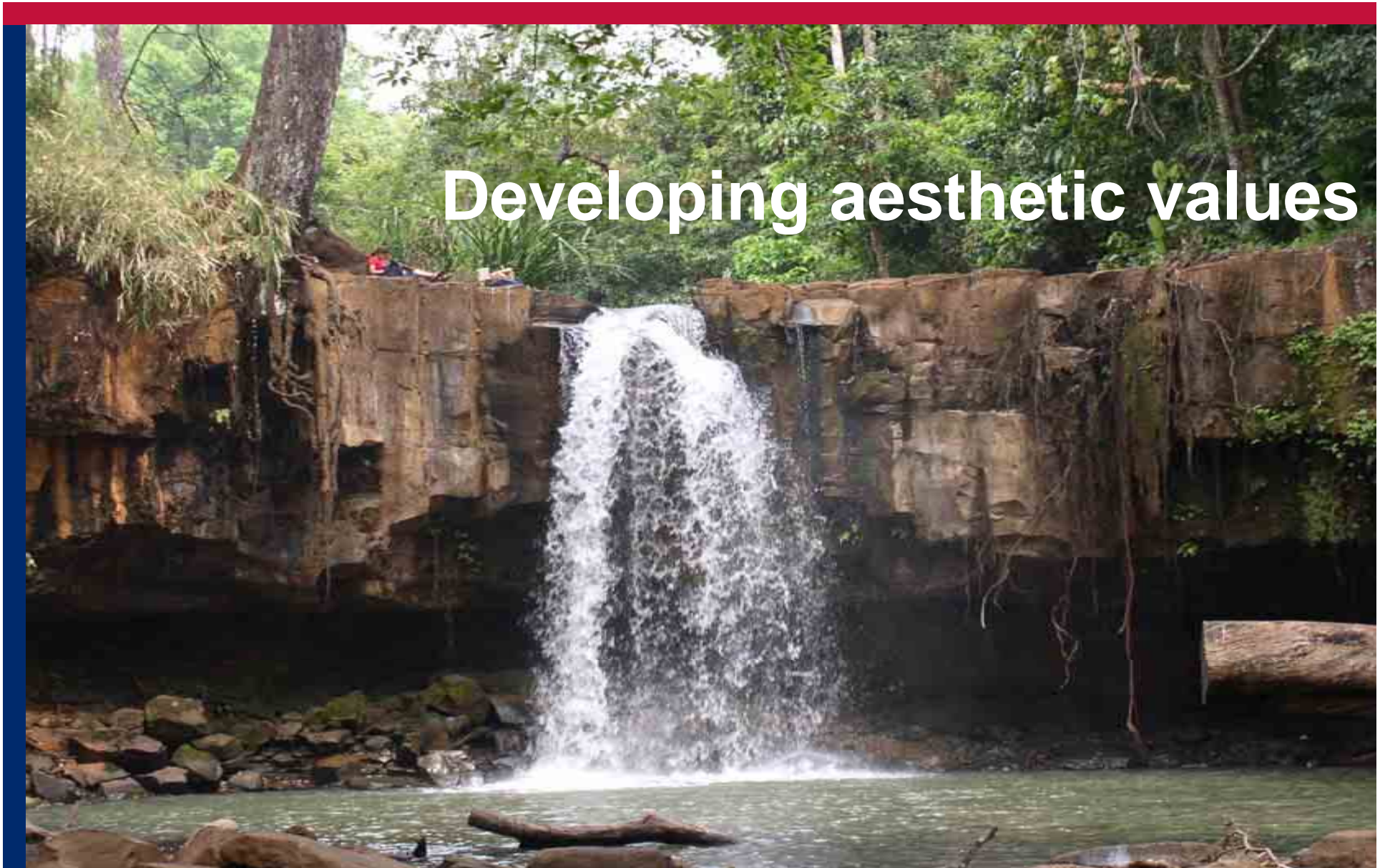
- Avoided costs for specific buyers (Ex. maintenance and loss of operating capacity for EVN and SAWACO)
- Input value – water as an input to hydropower, urban consumers, irrigation
- Reward values (cash or investments in alternative economic development strategies)
- Public operating costs - forest protection (LDP VND 40 billion/year)
- Public opportunity costs – road building schemes, agricultural processing
- Private opportunity costs (the cost of not planting an agricultural commodity) for service providers
- Payment/reward values to be negotiated as in a normal market place based on perceived values
- Payment/reward values must outweigh opportunity costs



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Developing aesthetic values



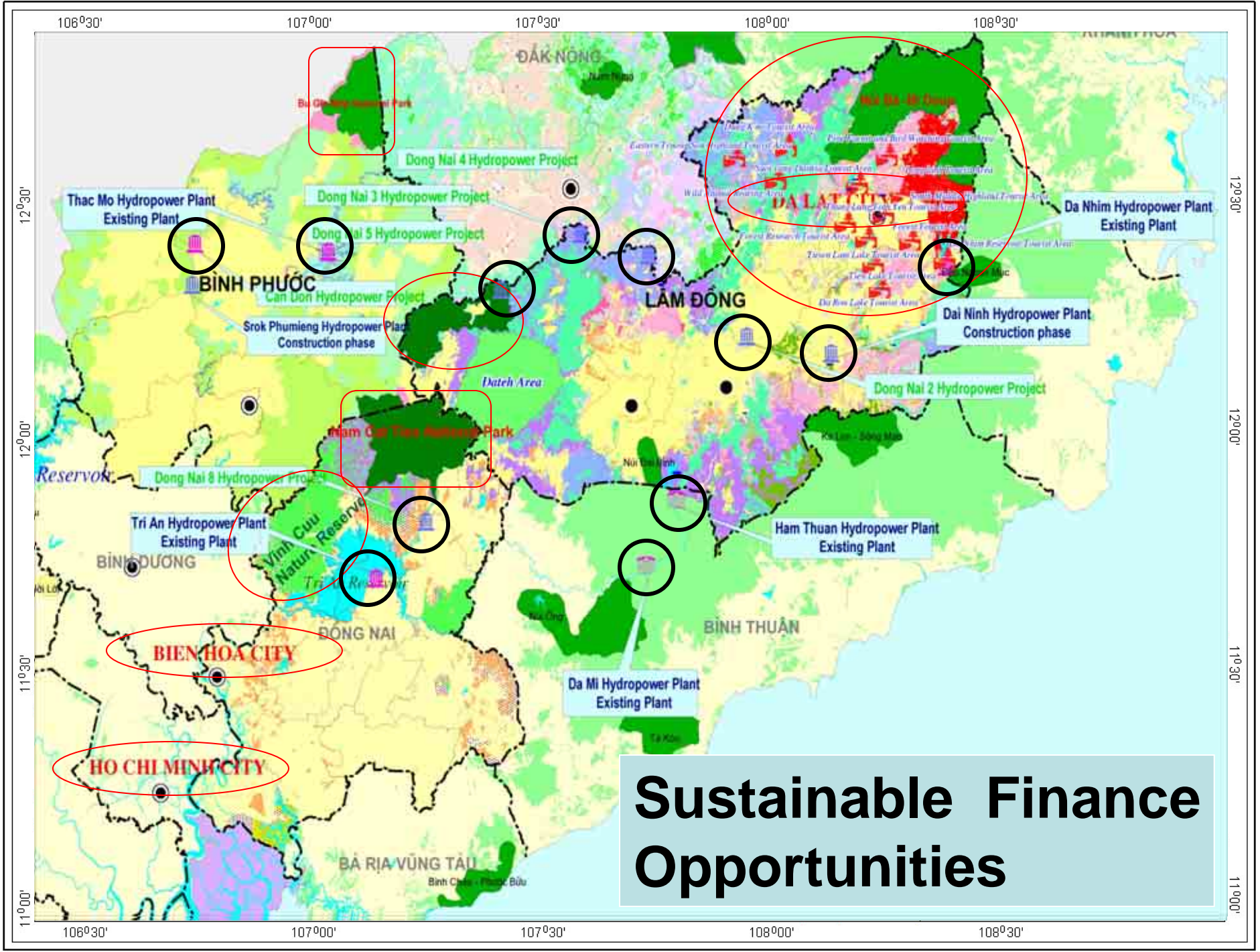


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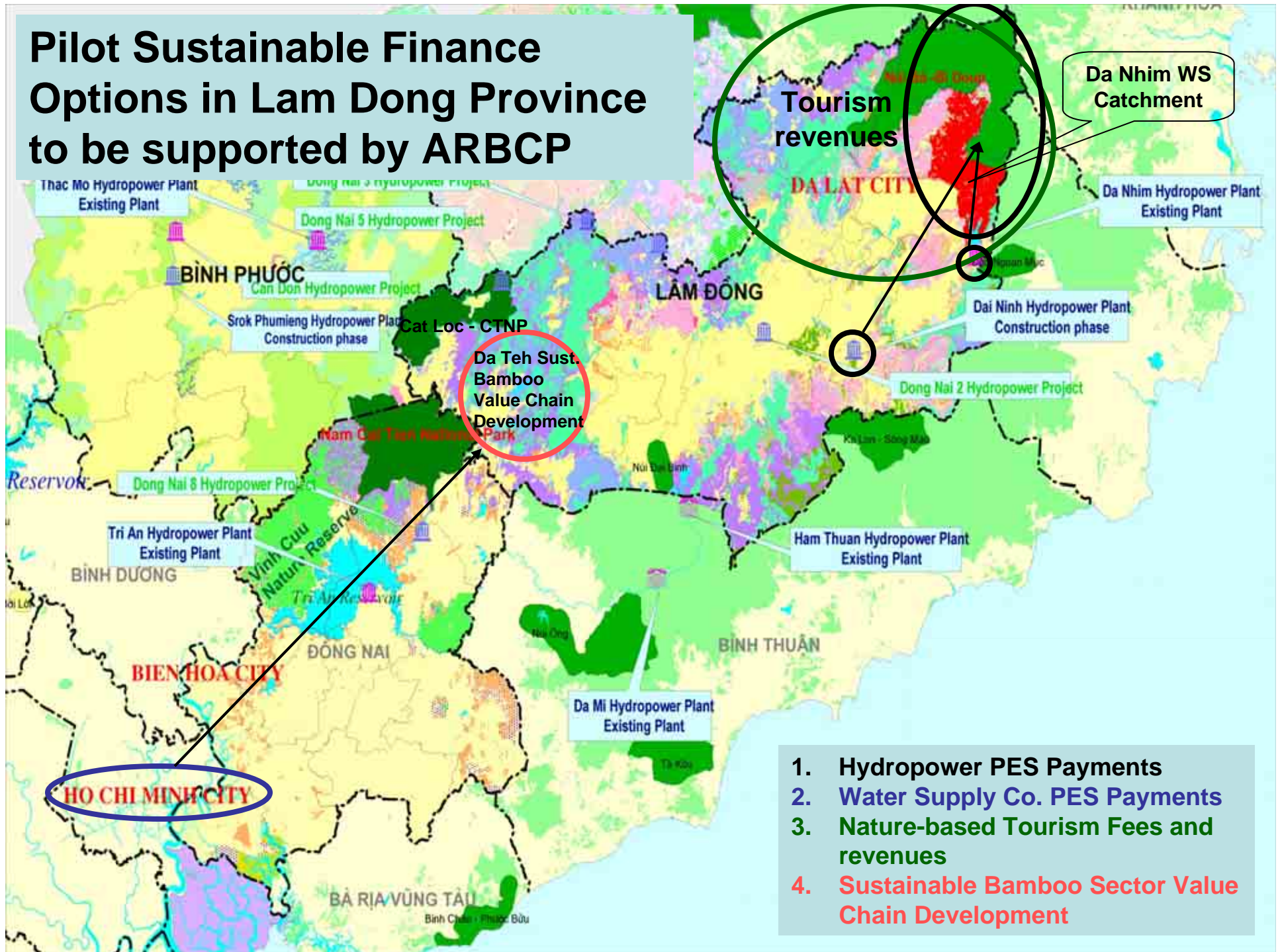
Aesthetic/tourism PES valuation activities

- Assessment of the Lam Dong Ecotourism Masterplan to measure the extent to which it meets the CBD sustainable tourism guidelines
- Conduct a CBA to estimate the cost of meeting the guidelines
- Develop a scenic values tourism fee in Lam Dong to cover the expenses of meeting the guidelines
- Conduct strategic behavior analysis to identify willingness to pay and income development strategies for protected areas and buffer zones
- Work with private companies to implement the guidelines and help them pay the costs of protected areas



Sustainable Finance Opportunities

Pilot Sustainable Finance Options in Lam Dong Province to be supported by ARBCP





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Thank you!



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