

SETTING IN PLACE PES: NEGOTIATING ARRANGEMENTS



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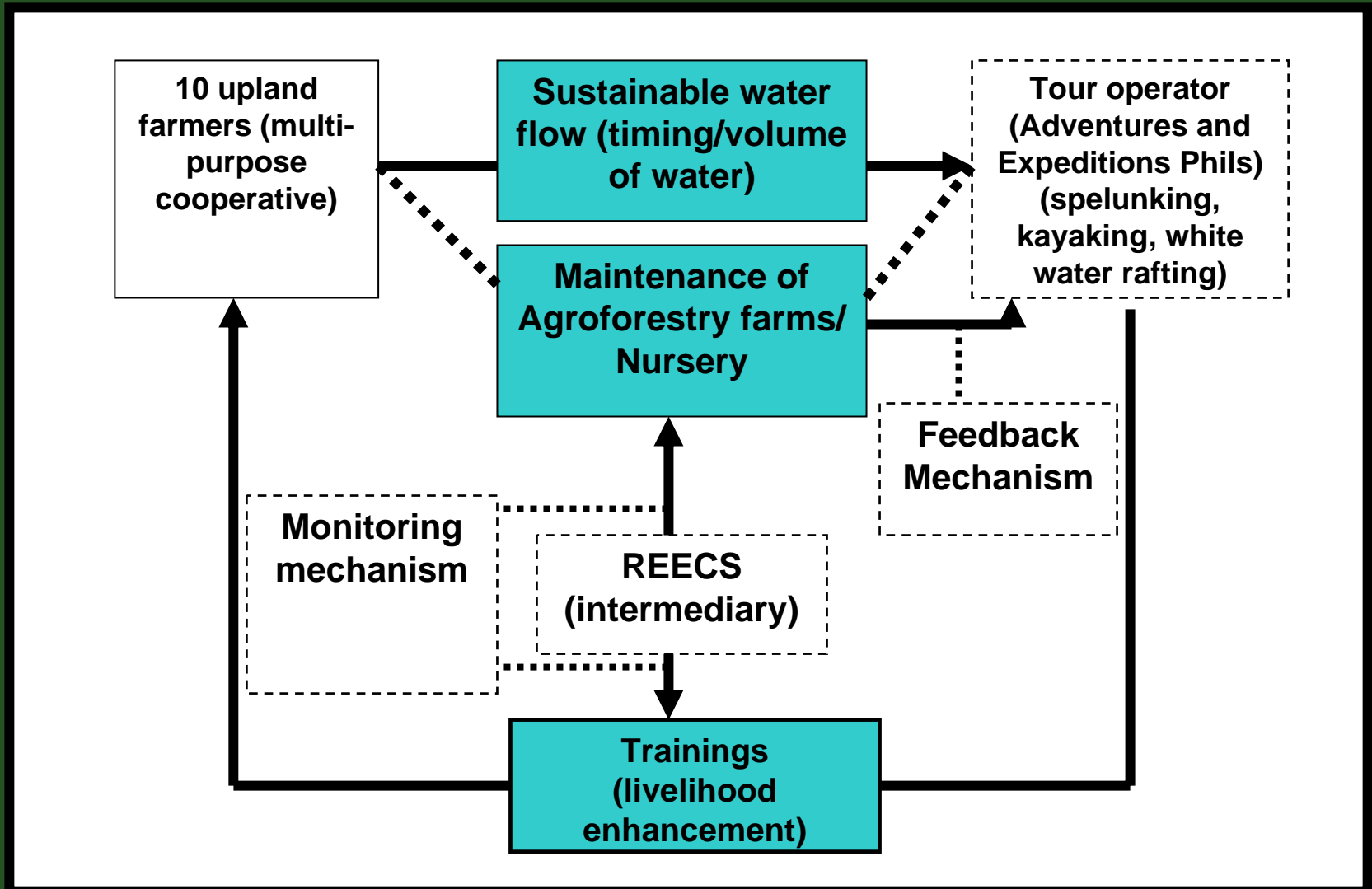
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FLOW OF PRESENTATION

- **PES set-up** in the Penablanca Protected Landscape and Seascape (PPLS), Philippines
- **Challenges faced** during the negotiation process
 - Selecting the sellers
 - Finding a buyer and an intermediary
- **Lessons learned**
- **Key issues and general insights** in negotiating agreement

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

- Selecting the Sellers
 - Involvement in destructive forest activities --- CREDIBILITY?
 - Lack of alternative livelihood and skills to engage in desirable land uses --- CAPABILITY?
 - Local dynamics --- POSSIBILITY
 - Interest
 - Dole-out mentality
 - Trust issues
- Capability building
- Livelihood development
- Information, education campaigns
- Encourage of collective participation
- Visibility
- Regular consultation meetings

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
 - Facilitate transfer of incentives (buyer to seller)
- **Local dynamics/politics could speed-up/hamper negotiations**



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
- Engage in public relations and information/advocacy campaigns

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

