

INTRODUCTION

This PES Sourcebook focuses on conceptual and design issues related to payments for environmental services (PES). The Sourcebook materials also are available online and will be updated and expanded as information becomes available. The Sourcebook uses a broad perspective on what constitutes a “payment”: Depending on the context, payments can imply either cash or noncash incentives, rewards or compensation. The Sourcebook is meant to serve as both a ready reference and a repository of useful knowledge on PES. Because it is meant for managers and practitioners, it is not intended to be dense or technical.

The Sourcebook consists of a series of briefs on selected topics. These include practical examples and graphics to explain various concepts. The aim is to make each brief a stand-alone document so that practitioners can directly access a particular section without necessarily reading earlier sections. At the end of many briefs, further relevant readings are suggested. While most of the briefs are stand alone, Brief 1, “Basic Principles of PES,” provides an overview of the concept of payments for environmental services. The Sourcebook user is encouraged to read Brief 1 first.

The next section, Major Environmental Services, comprises briefs 2.1 through 2.5. The first four describe payments for different types of services: carbon sequestration, watershed services, biodiversity conservation, and scenic beauty. Each addresses the nature of a service and the scale over which it is provided, why it might lend itself to a payment approach, and some enabling technical and institutional factors. The fifth brief focuses on bundling multiple services into a single program.

Briefs 3.1 through 3.5 address practical aspects of designing and implementing PES schemes. The first describes buyers, sellers, and intermediaries, their roles and interactions in PES programs. The second brief discusses various techniques for valuing environmental services. The third addresses forms of payments being offered and the contractual obligations of service providers on which those payments are conditional. The fourth brief discusses ways of reducing transaction costs associated with PES, and the fifth, drawing on the first four, discusses how PES and poverty alleviation can be coupled.

Four additional briefs describe methodologies for evaluating the impact of PES programs (Brief 4), important PES policy and institutional issues (Brief 5), alternatives to the PES approach for environmental protection (Brief 6), and a review of the state of Payments for Watershed Services in Asia, Africa, and Latin America (Brief 7).

The PES Sourcebook appendices contain supplemental material including:

- A user manual for the online Payments for Environmental Services portion of the SANREM Knowledgebase;
- Regional working papers on the state of payments for watershed services programs in Africa, Asia, and Latin America;
- Recommended Readings;
- PES Case Studies; and
- Policy Seminar PowerPoint Presentations