

Regional Differences and Similarities in PES Programs for Hydrologic Services

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Abstract: Africa has only two programs making payments for watershed services (PWS), a subset of PES. Challenges include low urban population, few hydroelectric facilities or industrial water users, low tax revenue, and high transaction costs. There is considerable PES-like activity, however, and international buyer potential for biodiversity and carbon. In Asia, rapid economic expansion and rising demand for watershed services have stirred interest in PWS. Enabling factors are high urban population, wide use of municipal water systems, and high hydroelectric production. Hindrances are high transaction costs, state control of forest and agricultural land, and lack of enabling legislation. PWS is most advanced in Latin America due to high urban population and use of municipal water, high hydroelectric production, larger land holdings, and local and national funding. Among hindrances are little evidence of environmental benefits and suspicion of disguised privatization. In all three regions, PES shows potential to introduce new funds to address environmental problems. But there is little direct evidence yet that PES is improving watershed services.