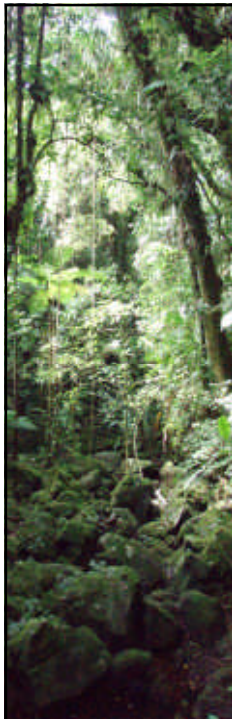


A Payment for Ecosystem Services Scheme in PNG: incorporating lessons from Costa Rica's PSA

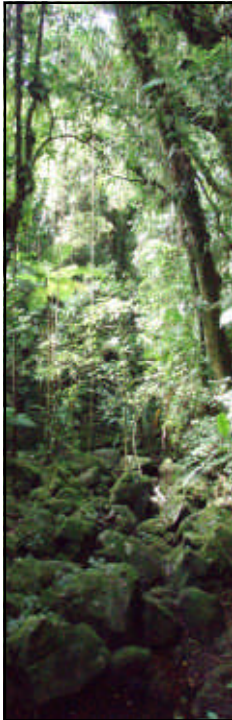
Amelia Thorpe and Kristy Graham



Overview of paper

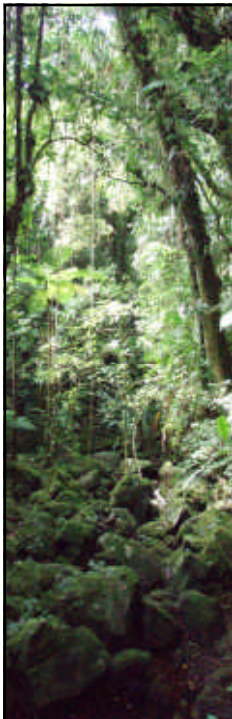
- PNG and the need for sustainable forestry
- Ecosystem services and PES
- Costa Rica's PSA
 - The program
 - Lessons learnt
- A PES in PNG
 - Applying the lessons learnt from Costa Rica and key components of a PES scheme in PNG





PNG and Sustainable Forestry

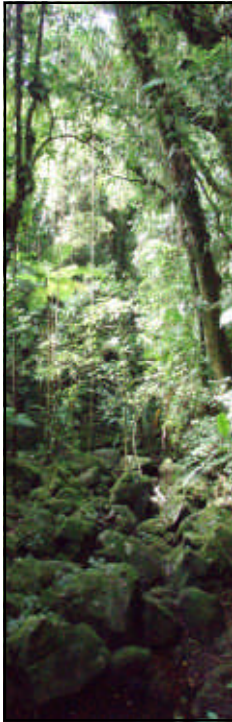
- The state of forests in PNG
- Drivers of deforestation and forest degradation in PNG
- Recent efforts to protect forests in PNG



State of PNG forests

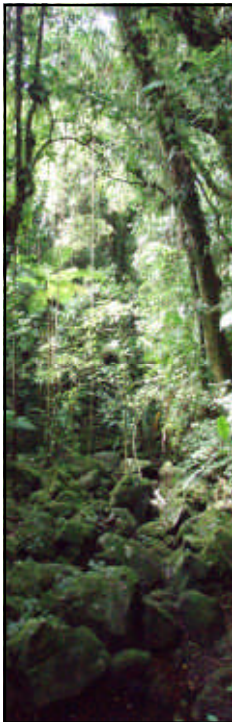
- Over half of PNG is covered by intact rainforest
 - Immense ecological value, locally and globally
 - Foundation of PNG culture and economy
- Rapid deforestation and degradation
 - Nearly 25% since independence in 1975
 - At current rates, 83% by 2021





Key drivers of forest loss

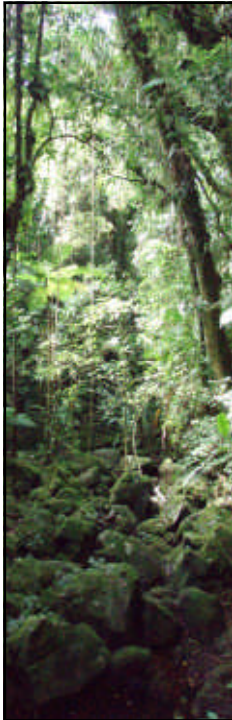
- Logging 48.2%
 - Industry widely regarded as unsustainable, wasteful and corrupt
 - Good legal framework, but weak monitoring and enforcement
- Expansion of subsistence agriculture 46.2%
 - Rapid population growth, high poverty rates
 - Unsustainable changes to traditional swidden system



Forest conservation efforts

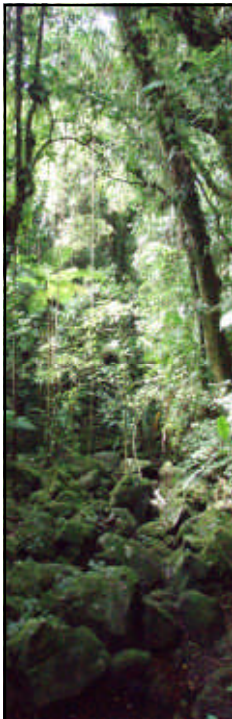
- Forestry industry reform
 - Numerous reviews, inquiries, reforms undertaken
 - Significant financial support provided, incl World Bank, Australia
 - Little achieved
- Reducing Emissions from Deforestation and Degradation (REDD)
 - PNG government pushing to include REDD in UNFCCC agreement
 - Numerous groups raising concerns about process
- Search for decentralised, inclusive mechanisms
 - Community Carbon Forestry Project: expert consultation workshops on PES in 2007 and 2008





Overview of PES

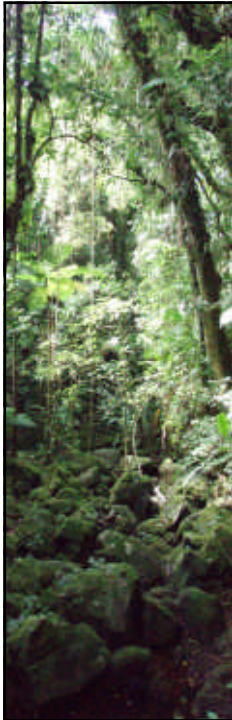
- What are ecosystem services and PES
- Why use PES as an environmental policy tool
- The Costa Rican PSA program



Ecosystem Services and PES

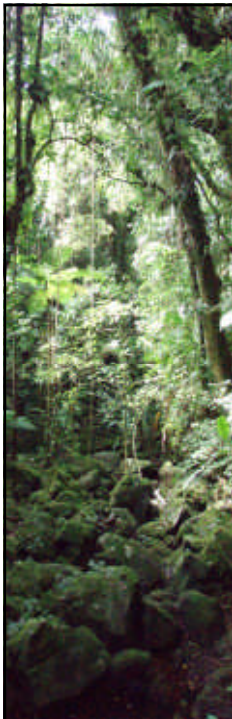
- ES = benefits people obtain from ecosystems
- Buyer (beneficiary) contracts seller (provider) to generate desired ES
- Translate external, non-market values → financial incentives
- User-financed
- Government-financed





Why use PES as an environmental policy tool

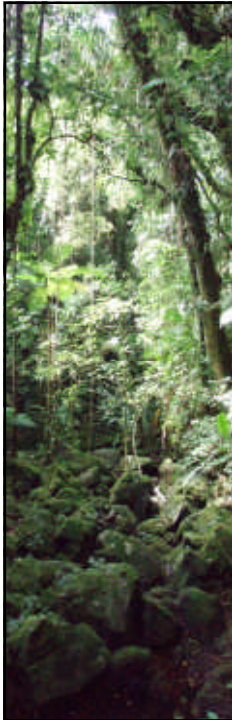
- One of suite of market-based instruments
- MBIs favoured over traditional command and control
- Useful when weak governance
- PES v environmental tax
- Interaction with other MBIs



Costa Rica – PSA program

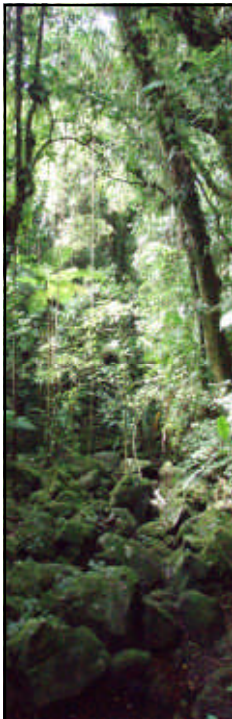
- Why look to Costa Rica
 - Established since 1997
 - Achievements
 - Forest cover from 25% (1980s) to 46% (2002)
 - High demand for participation
 - 10% forested area under program





Lessons learnt and applications for PNG

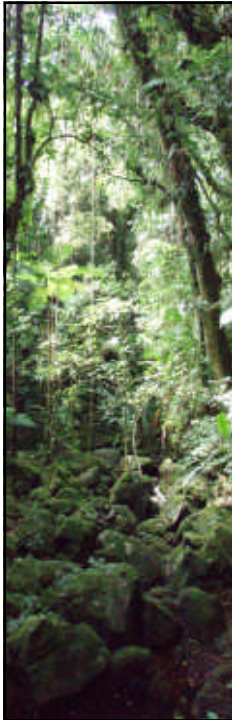
- Context
 - Drivers of deforestation
 - Legal framework
- Structure
 - Services
 - Funding
 - Payments
 - Institutions
 - Participants
 - Monitoring, reporting and compliance



Context: drivers of forest loss

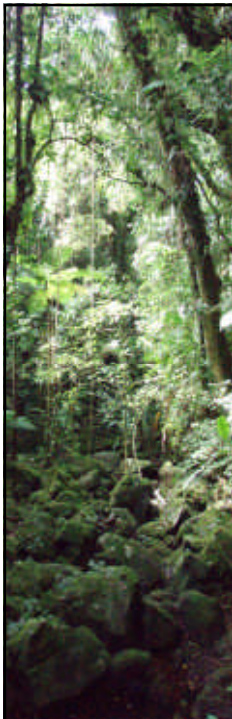
- Costa Rica
 - Agriculture
 - Population growth
- PNG
 - Forestry
 - Population growth





Context: legal framework

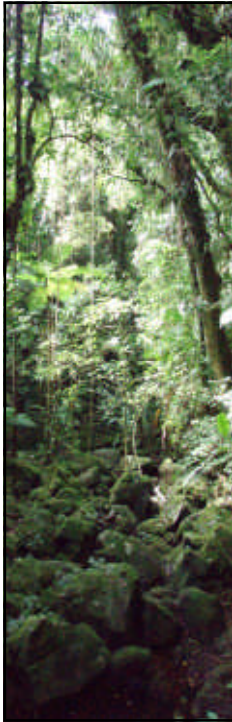
- Costa Rica
 - Sustainable forest management established in legislation
- PNG
 - Sustainable natural resource management in Constitution, also in legislation
 - 97% of land in customary ownership



Structure: services

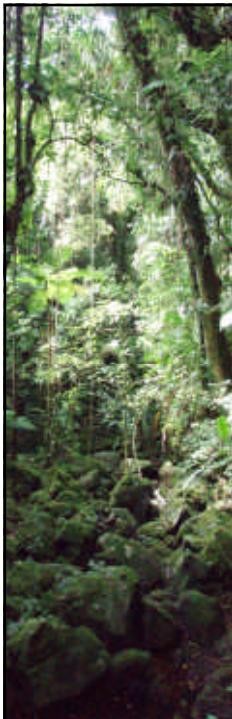
- Costa Rica
 - 4 bundled ecosystem services
 - Specified land uses assumed to provide services
 - Watershed services most successful at attracting user based funding
- PNG
 - Less scope for watershed services
 - Carbon sequestration good potential





Structure: funding

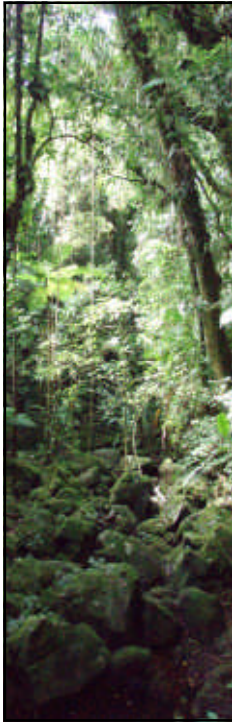
- Costa Rica
 - National sources
 - International donor funding
 - User/beneficiary based funding
- PNG
 - Limited national sources
 - Awaiting UNFCCC outcomes



Structure: payments

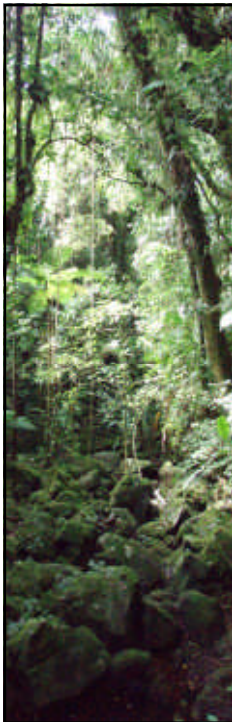
- Costa Rica
 - Contract length and payment levels
 - Fixed across country
- PNG
 - Need to balance targeting against transaction costs
 - Need to optimise potential participation
 - Transitional arrangements may be appropriate





Structure: institutions

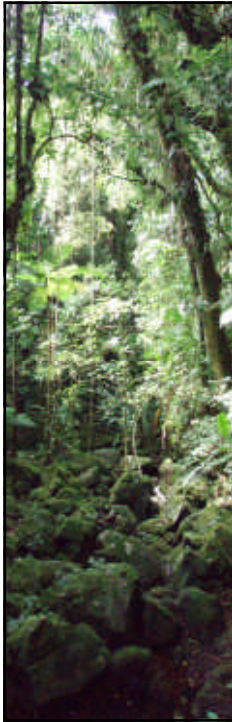
- Costa Rica
 - FONAFIFO
 - FUNDECOR
- PNG
 - Need for multi-stakeholder, multi-level systems



Structure: participants

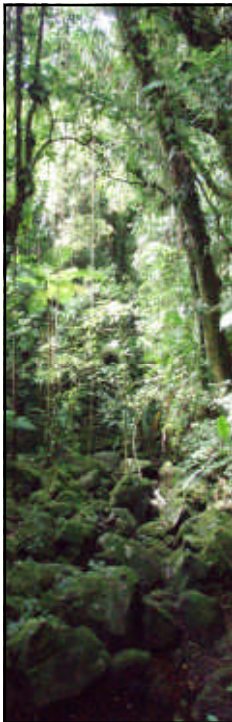
- Costa Rica
 - Poor
 - Land titles
- PNG
 - Customary ownership
 - Free, prior, informed consent
 - Incorporated land groups
 - Role for intermediaries





Structure: monitoring, reporting, compliance

- Costa Rica
 - Land use monitoring
 - Longer term evaluation of assumptions scheme is based on
- PNG
 - Levels, assumptions
 - Transaction costs
 - Need for transitional systems



- Acknowledgements
 - Effrey Dademo (EFF) PNG
- Contact details
 - Amelia Thorpe: Programs Director
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 - Kristy Graham: Scientific Officer
kristy.graham@edo.org.au

