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Design considerations for payment for ecosystem services from the community-managed forested landscape in Nepal

Key words: Community forestry, ecosystem services, incentive mechanisms

Abstract:

Despite widespread implementation, the success of payments for ecosystem services (PES) is not well realised in the perspective of impact on the poor people. The success of PES varies from place to place and context to the context which depends on the local context and considerations accounted in PES design and implementation. Until recently, only a few studies have been conducted which discuss PES considerations regarding their influencing in a successful application and their associated outcomes over time. In most of the cases, success is analysed to fit the predefined concept instead of understanding the reasons for success or failure. Ex-ante analysis of considerations is important in designing PES that paves a smooth way of implementation. Here we investigate a number of PES design considerations and prioritise them that affect in the successful implementation and anticipated outcomes of PES schemes. Community perceptions and experts' opinion were sought to identify PES considerations and the community-priority index was utilised to prioritise them in the case of community-managed forested (CF) landscape in Phewa watershed, in Western Nepal. Some 19 important PES design considerations were identified. The analysis suggests that few are highly important than others in designing PES schemes in the Phewa watershed such as pro-poor participation, livelihoods, tenure arrangements, transaction cost, opportunity cost, incentive structure, government policy and governance arrangement. Although the effectiveness of PES scheme has been measured economically or biologically, results indicate that many considerations related to social, and institutional dynamics are highly relevant in the CF landscape. However, there is a trade-off among equity, efficiency, and effectiveness to achieve livelihoods enhancement and sustainability of the PES in selecting priority considerations.