



WORKING GROUP ON ECONOMIC ASPECTS OF BIODIVERSITY (WGEAB)

OECD EXPERT WORKSHOP ON

**ENHANCING THE COST-EFFECTIVENESS OF  
PAYMENTS FOR ECOSYSTEM SERVICES (PES)**

FINAL AGENDA

25 MARCH, 2010  
PARIS, FRANCE

**OECD WGEAB Expert Workshop on**  
**Enhancing the Cost-Effectiveness of**  
**Payments for Ecosystem Services (PES)**

**March 25, 2010**

Room CC 5  
OECD Headquarters, Paris

*Please note this Workshop is in English only*  
*- No interpretation or translation provided -*

Payments for Ecosystem Services (PES) translate external non-market values of the environment into tangible financial incentives, creating a link between the providers of ecosystem services and the beneficiaries of their provision. PES programmes are increasingly being applied across developed and developing countries to correct for a wide range of environmental externalities. As experience with the mechanism grows, greater attention is being paid to how such programmes can provide the maximum ecosystem service benefits at least economic cost. This workshop aims to enhance the understanding of how PES can be designed and implemented so as to maximise cost-effectiveness. Key criteria will be examined, including *inter alia* targeting ecosystem service benefits, additionality of payments and setting the correct payment value. Particular attention will also be paid to the use of inverse auctions to allocate PES contracts.

This workshop will present a number of case studies, across developed and developing countries, to highlight how design elements of PES programmes can be selected to enhance the overall cost-effectiveness of the programme. The workshop will be organised as follows:

- *Part I: Introduction and Objectives of the Workshop*

Welcome and introduction. Aim and objectives.

- *Part II: Key Issues for Enhancing PES Cost-Effectiveness*

The aim of this session is to draw on the theory of PES design and a wealth of case studies to provide insights for how PES can be cost-effectively designed. Key criteria will be examined, including issues such as identifying buyers and ensuring long-term and sustainable financing, and targeting ecosystem service benefits including via spatial mapping tools and environmental benefits indicators.

- *Part III: Designing and Implementing Inverse Auctions*

The aim of this session is to learn from different PES schemes that have applied inverse auctions: what design and implementation elements of inverse auctions are working; what challenges have been encountered; what lessons can be learned on optimal design scheme under the different settings. Presentations will include experience from inverse auctions applied in the USDA Conservation Reserve programme and the Tasmania Forest Conservation Fund in Australia, amongst others.

# FINAL AGENDA

## 10:00 SESSION 1: Introduction

- Welcome: *Carlos Munoz Pina*, (INE, Mexico) Chair of the WGEAB
- Introduction to PES: Enhancing Cost-Effectiveness: *Katia Karousakis*, (OECD Secretariat)

## 11:00 COFFEE

## 11:20 SESSION 2: Key Issues for Enhancing PES Cost-Effectiveness

- PES Theory and Criteria for Effective Design: *Sven Wunder* (CIFOR)
- PES Targeting via Quality: Forestry and the Evolution of the Vaquita Programme, Mexico: *Carlos Munoz Pina*, (INE, Mexico)
- PES in the context of EU Policy: *Alexandra Vakrou* (EC)

Questions for discussion:

- In each of the case studies, are there clear PES objectives, eligibility and prioritisation criteria, sufficient and long-term sources of financing, and robust monitoring frameworks?
- How have additionality, leakage and permanence been addressed across the different examples?
- What are the key challenges encountered across the different case studies and how have they been addressed? What are the lessons learned?

## 13:00-14:30 LUNCH

## 14:30 SESSION 3: Designing and Implementing Inverse Auctions

- The Tasmanian Forest Conservation Fund and the Environmental Stewardship Program in Australia, *Jim Binney and Charlie Zammit*, (Marsden Jacob Associates and DEWHA)
- The USDA Conservation Reserve Program, *Quiller Brooke and Katia Karousakis* (OECD Secretariat)
- The Finnish Trading in Nature Values programme, *Arto Naskali* (METLA)

Questions and issues for discussion:

- What are the key challenges encountered across the different case studies and how have they been addressed? What are the lessons learned?
- Why have inverse auctions not been applied more broadly in other PES programmes?
- Views on encouraging the use of pilot auctions to obtain further experience and to enhance PES cost-effectiveness (and under which circumstances might it be preferred to use pilot auctions as a price revelation mechanism)?

**16:00 COFFEE**

**16:20 Part IV: Wrap-up Discussion and Conclusions**

- CBD Presentation: Links and relevance to CBD and COP-10: *Ravi Sharma*, (Convention on Biological Diversity Secretariat)

Questions and issues for discussion:

- How can cost-effectiveness criteria for PES be better included in current and future programmes?
- What role will PES play in the upcoming COP-10 meeting?

**18:00 COCKTAIL in the Roger Ockrent Room in the Chateau.**