



Design and implementation of PES schemes

Failings in current PES schemes can be associated with flaws in their design.

In general, five criteria have been identified with respect to PES design:

- clearly identified participants - buyers and sellers
- clear definition of the ecosystem service provided
- providers comply with the terms of their contract - compliance results in a change in the ecosystem service compared to what would have been without the PES scheme
- the existence of compliance penalties
- payments are determined on the basis of cost

Whether a PES scheme succeeds in generating the desired outcome (provision of ecosystem services) depends on the successful completion of a series of steps.

Step 1

Identifying possible ecosystem service and potential buyers:

- defining, measuring and assessing the ecosystem services in a particular area
- determining their marketable value
- identifying potential buyers who benefit from the service
- considering whether to sell as individuals or as a group

Step 2

Assessing institutional and technical capacity:

- assessing legal, policy and land ownership context
- examining existing rules for PES markets and deals
- surveying available PES support services and organizations

Step 3

Structuring agreements:

- designing management and business plan to provide the ecosystem service that is the focus of the PES deal
- reducing transaction costs
- reviewing options for payment types
- establishing the equity and fairness criteria for evaluating payment options
- selecting a contract type

Step 4

Implementing PES Agreements:

- finalizing the PES management plan
- verifying PES service delivery and benefits
- monitoring and Evaluating the deal

Source: UNEP publication „[Payments for ecosystem services. Getting started: a Primer](#)”