



Can MBIs and PES provide real solutions to the problems of forestry?

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From easy to difficult...

The issue of environmental service type and distribution of rights:

- Services that have well-identified users are more likely to succeed with PESMBI: They are simple CPR's or perhaps local public goods
- Services, which we can all enjoy from our best chair at home are more difficult: They are difficult CPR's or public goods
- Services, where the cost carrier can easily be identified are also more likely to succeed with a PESMBI scheme
- Distribution of rights to land and rights to use determines this in part...

- What can we do about the difficult services? Can we make them easier?
- Can everybody/society win by re-distribution of rights?
- Is it always the owner of the land that carries the cost?
- Should efficient and effective PES-schemes consider informal or de-facto rights too?



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From easy to difficult...

The issues of scale of supply and transactions costs:

- From the supply side, it can be difficult to learn about, understand and evaluate a PES offer: Transactions costs have to be carried
- If you only have little to offer in terms of environmental services, then high transactions costs is a big problem: You will not even consider the PES
- This may be true in many cases where rights are distributed in ways that make each supplier 'small' in scale, e.g. small forest holdings or several groups holding each their use right in an area

- Can we overcome this problem, e.g. by reducing transactions costs?
- Should they be aggregated and the buyer carry them? Or an intermediary?
- Or should we address the scale issue instead?
- Should we concentrate and aggregate rights to fewer suppliers?
- Or could we think of cooperative/community solutions?



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When PES and MBI's meet the motivations of forest owners

The issue of 'crowding out' the current efforts of forest owners:

- Forest owners already manage their land with some attendance to the environmental services that they provide to others for free
 - They may do so out of personal joy or concerns for environmental issues
 - Or they may do it because they feel responsible to society or the greater good: "She/he who has the ability, has the duty"
 - In any case, when some start receiving money for what others do voluntarily, we risk losing this voluntary effort – and lose overall...
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- Is this issue important at all?
 - If we cannot ignore it; then can we cope with it?
 - Are there situations, where this is more important than in others?
 - Are some instruments more likely than others to cause problems like this?



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Looking beyond the individual PESMBI scheme sector..

The issue of social norms and 'equilibrium' effects of PESMBI designs

- Most discussions of PES focus on the buyer-supplier (principal-agent) relation
- The development of PES instruments for some services may perhaps affect the way people elsewhere relate to the issues and act in relation to the environment
- This may be particular true if PES challenges the social norms that guide peoples environmental concerns and actions

- If 'they' are paying 'the bad guys' for stopping actions, that 'I' believe they should never have been allowed to do in the first place, will 'I' remain unfaltering in my own small effort to protect environment?
- If 'I' am many people, could 'my' changed behaviour matter to the way or the places PES could be implemented?



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Now to the Discussion!

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