



Centre for
Climate Change
Economics and Policy



Grantham Research Institute on
Climate Change and
the Environment

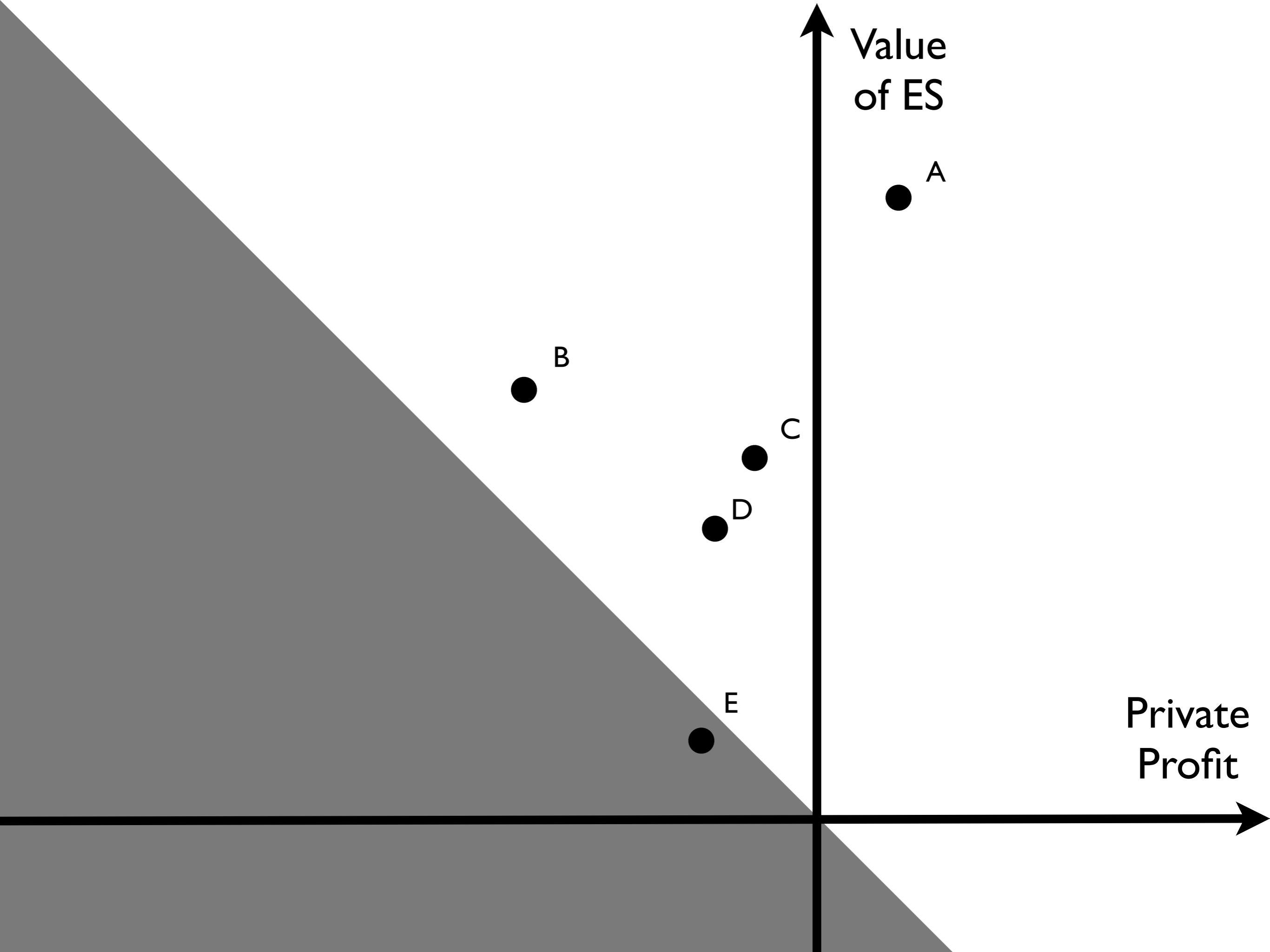
Allocating Payments for Ecosystem Services: Lessons from Economics

Raphael Calel

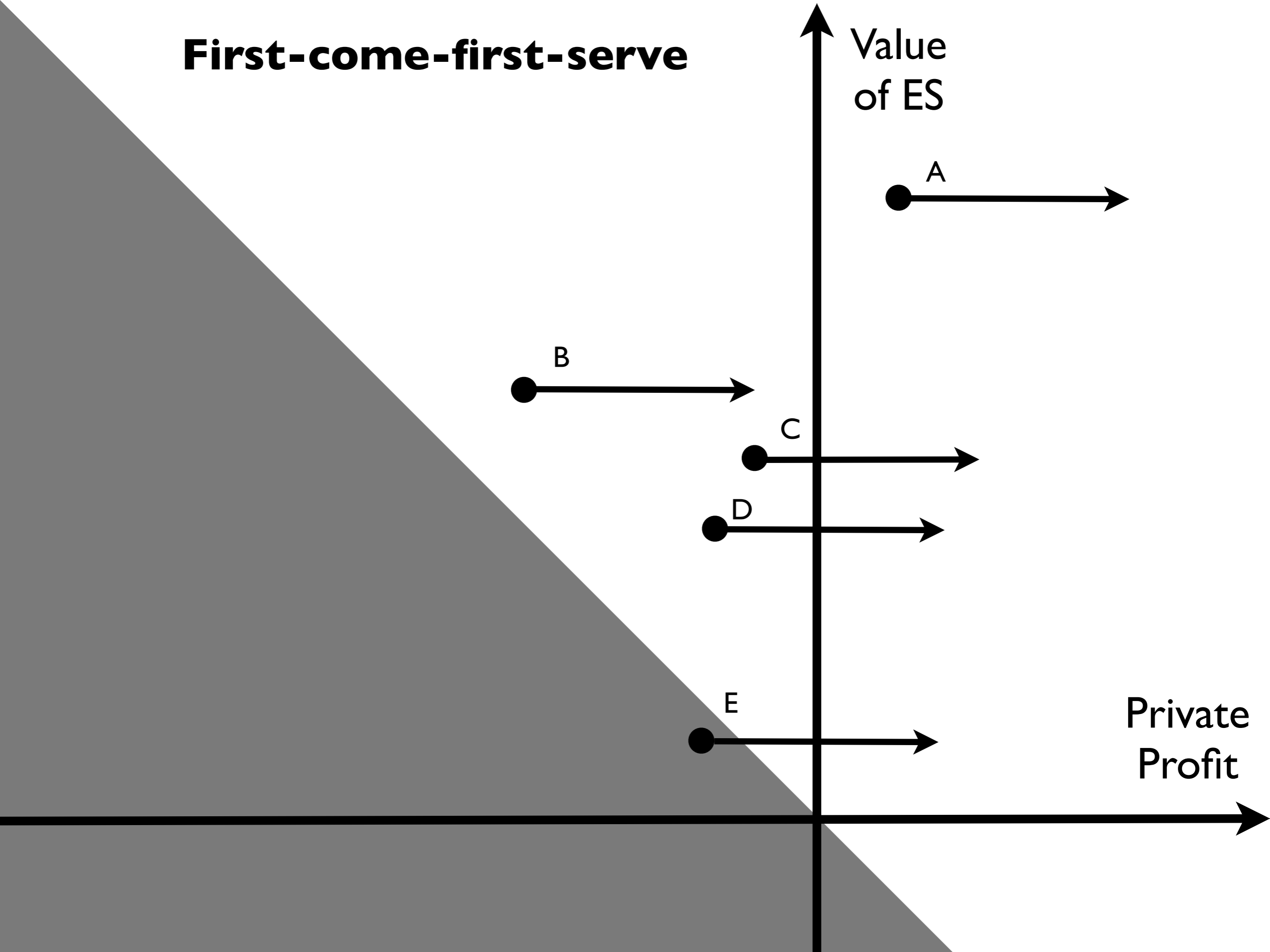
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Presented at the Environment Agency's Workshop on Creating Markets for Ecosystem Services
28 April 2010



First-come-first-serve



Efficient Allocation

Value
of ES

A



B



C



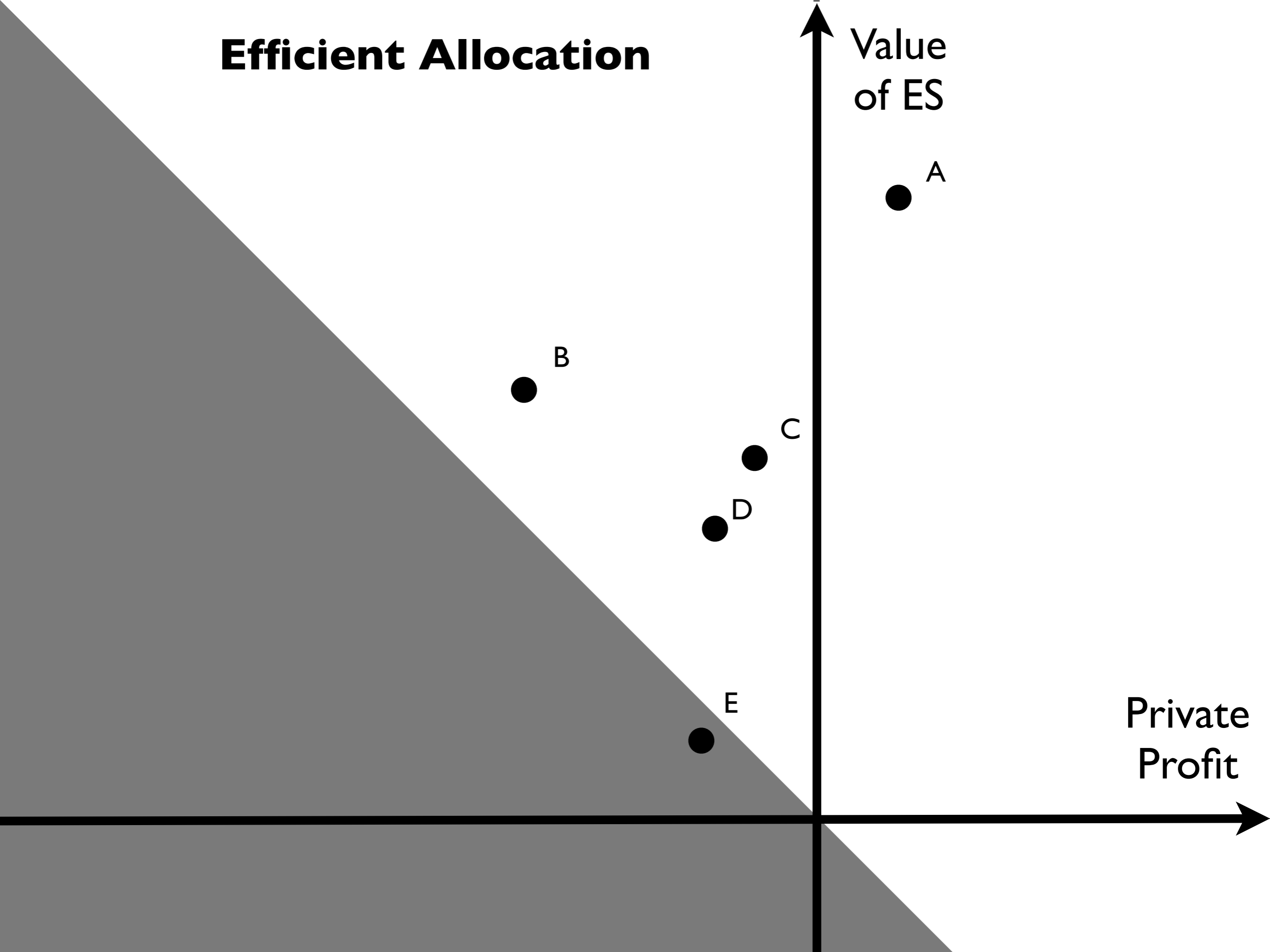
D



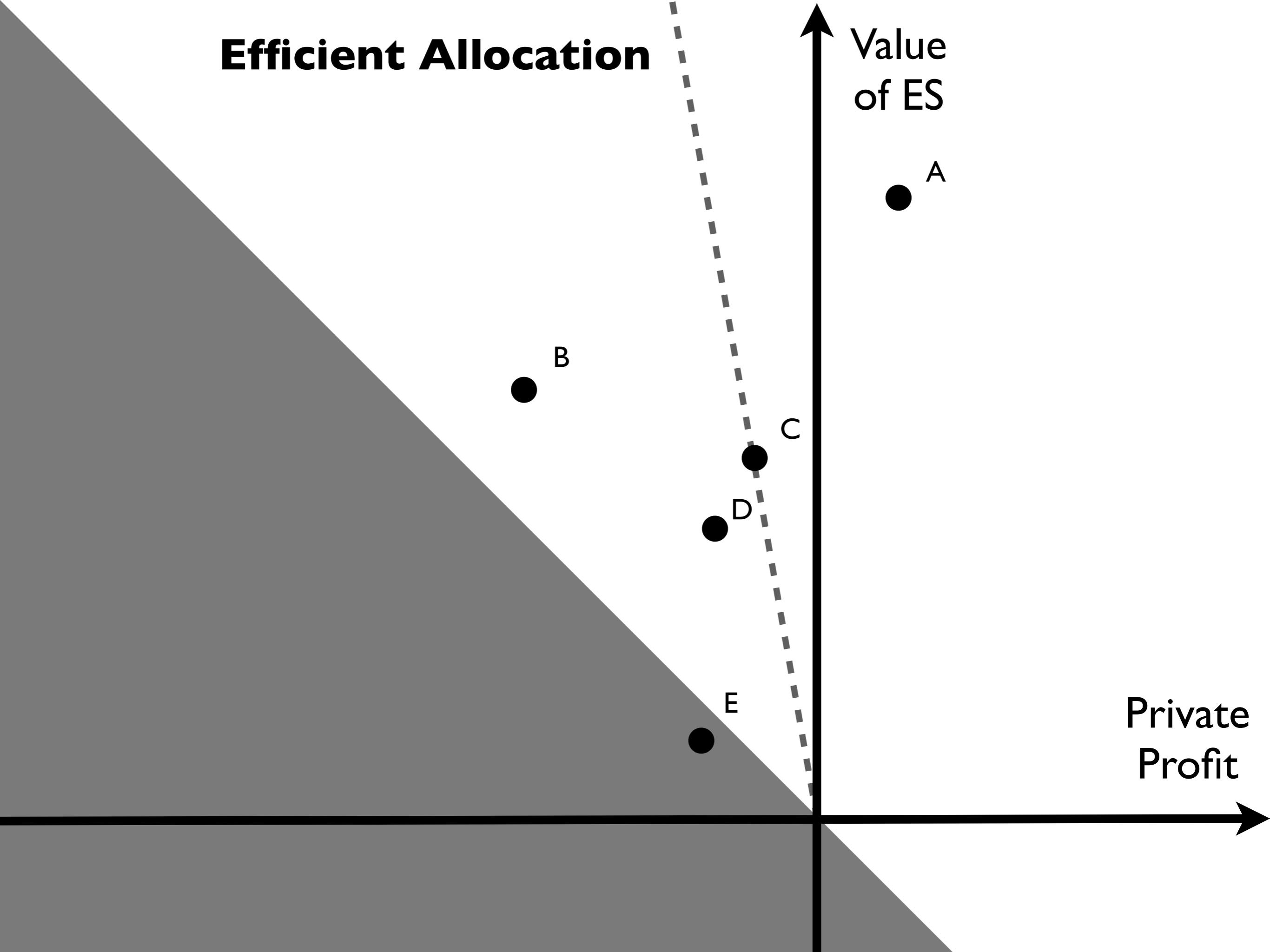
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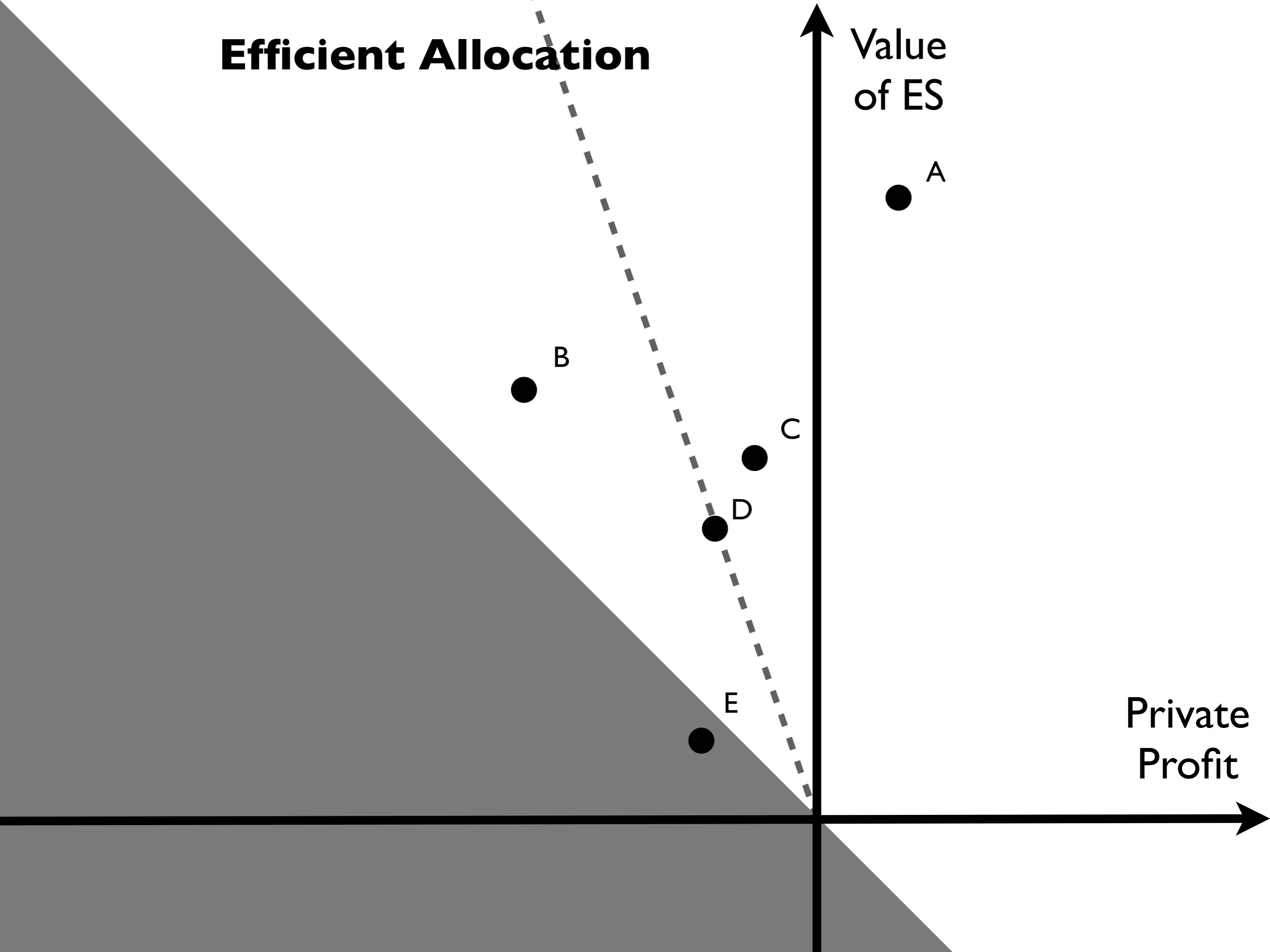
Private
Profit



Efficient Allocation



Efficient Allocation



Value
of ES

A

B

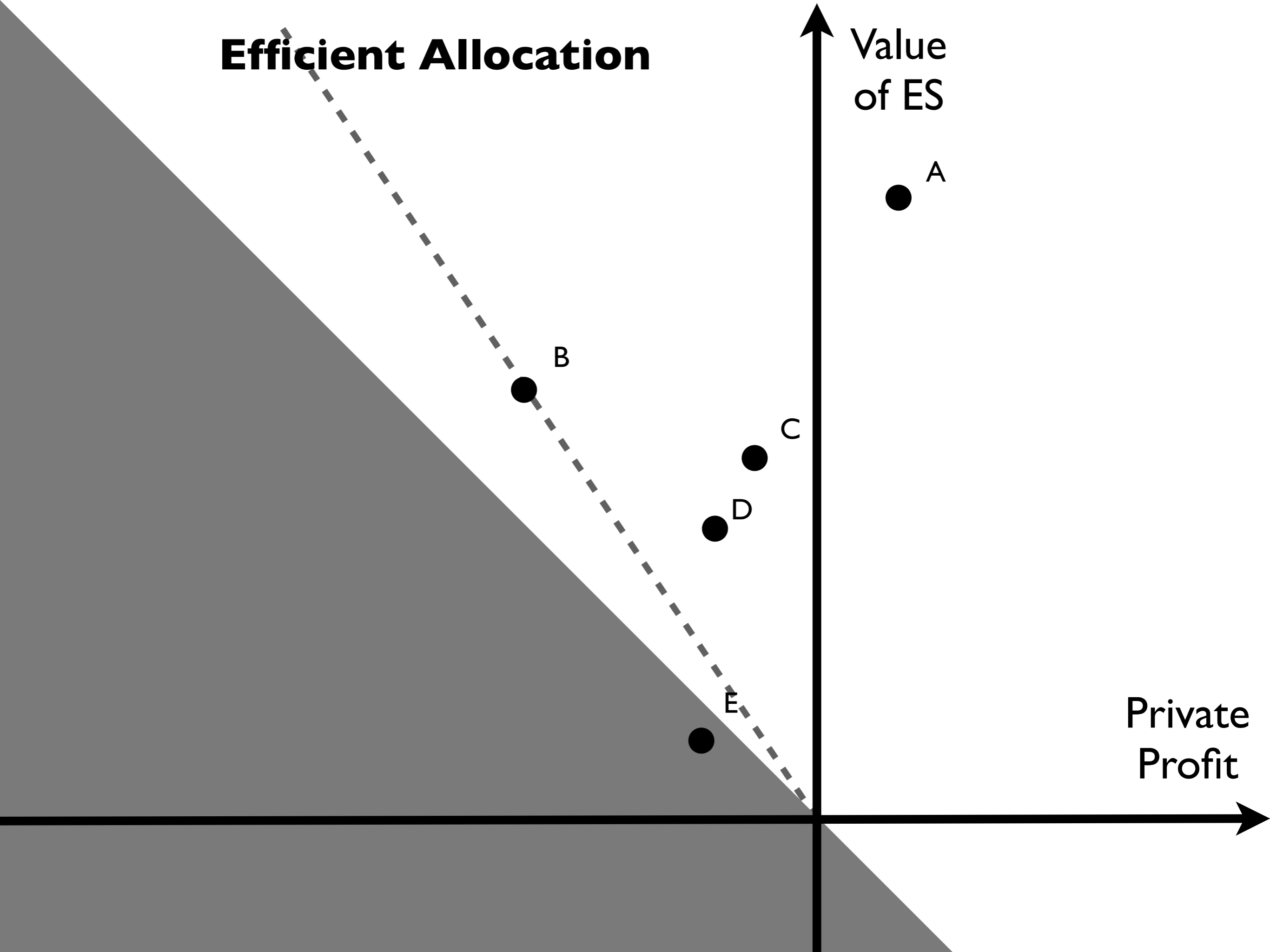
C

D

E

Private
Profit

Efficient Allocation



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B

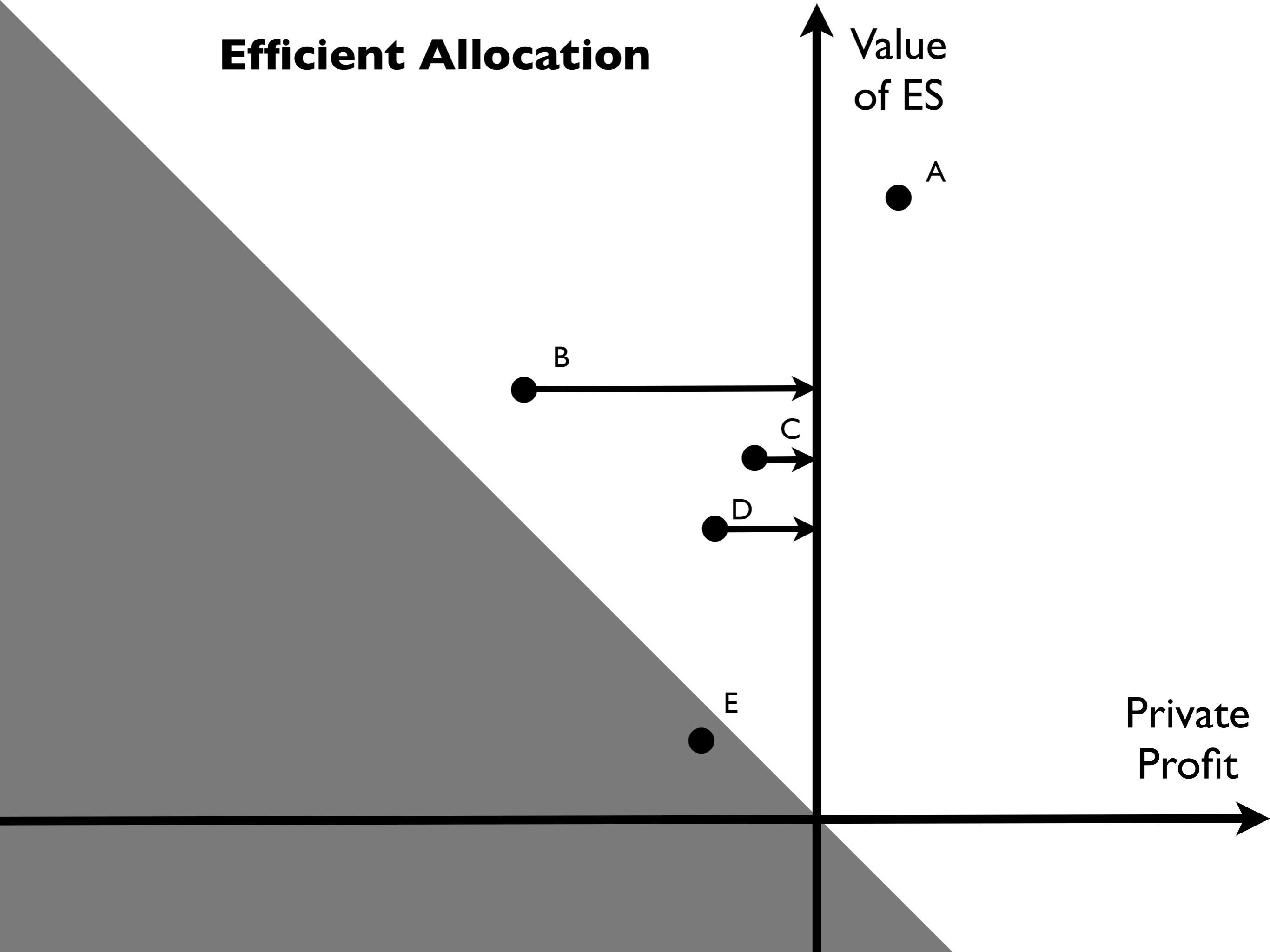
C

D

E

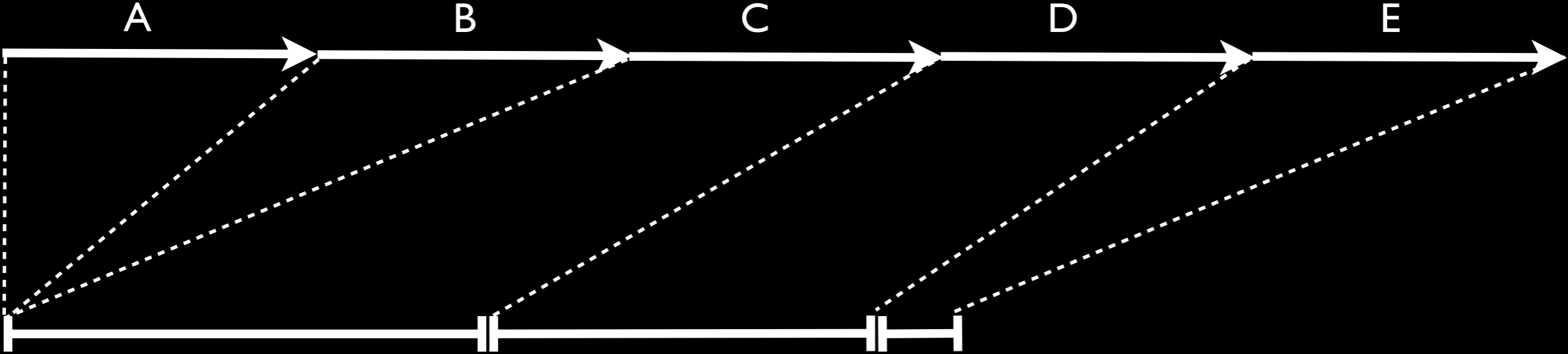
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Efficient Allocation



First-come-first-serve

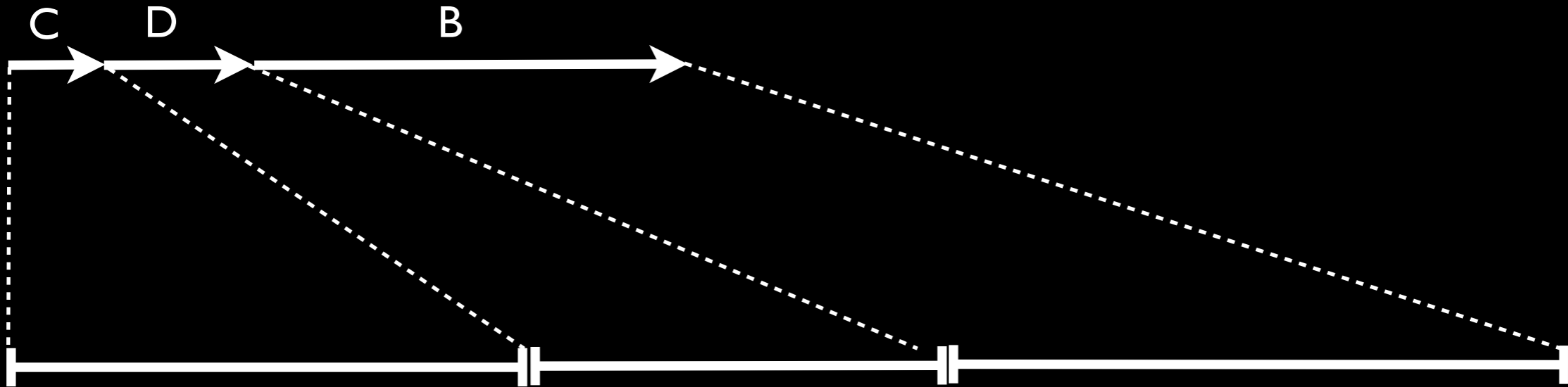
Cost



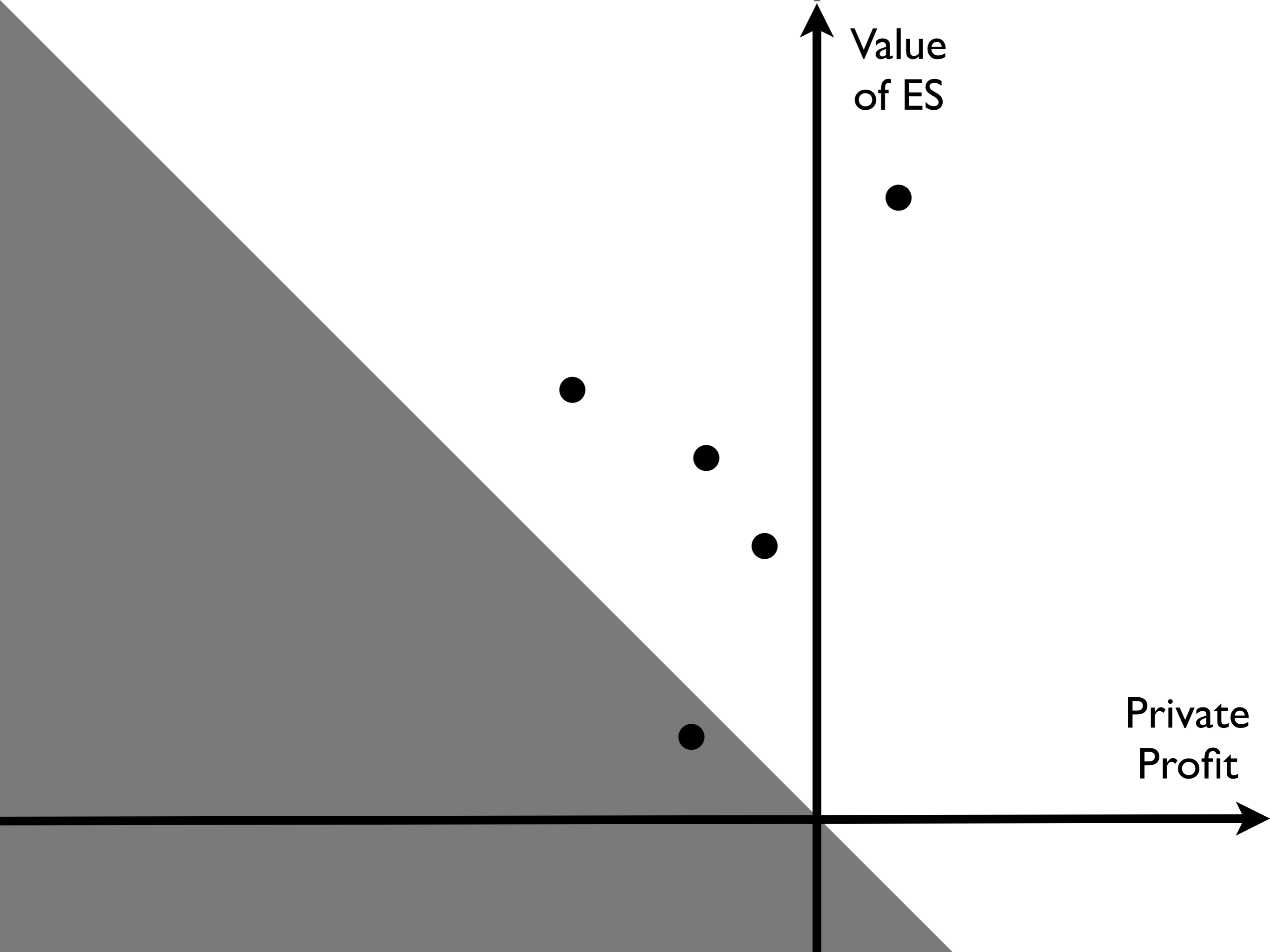
Additional ES

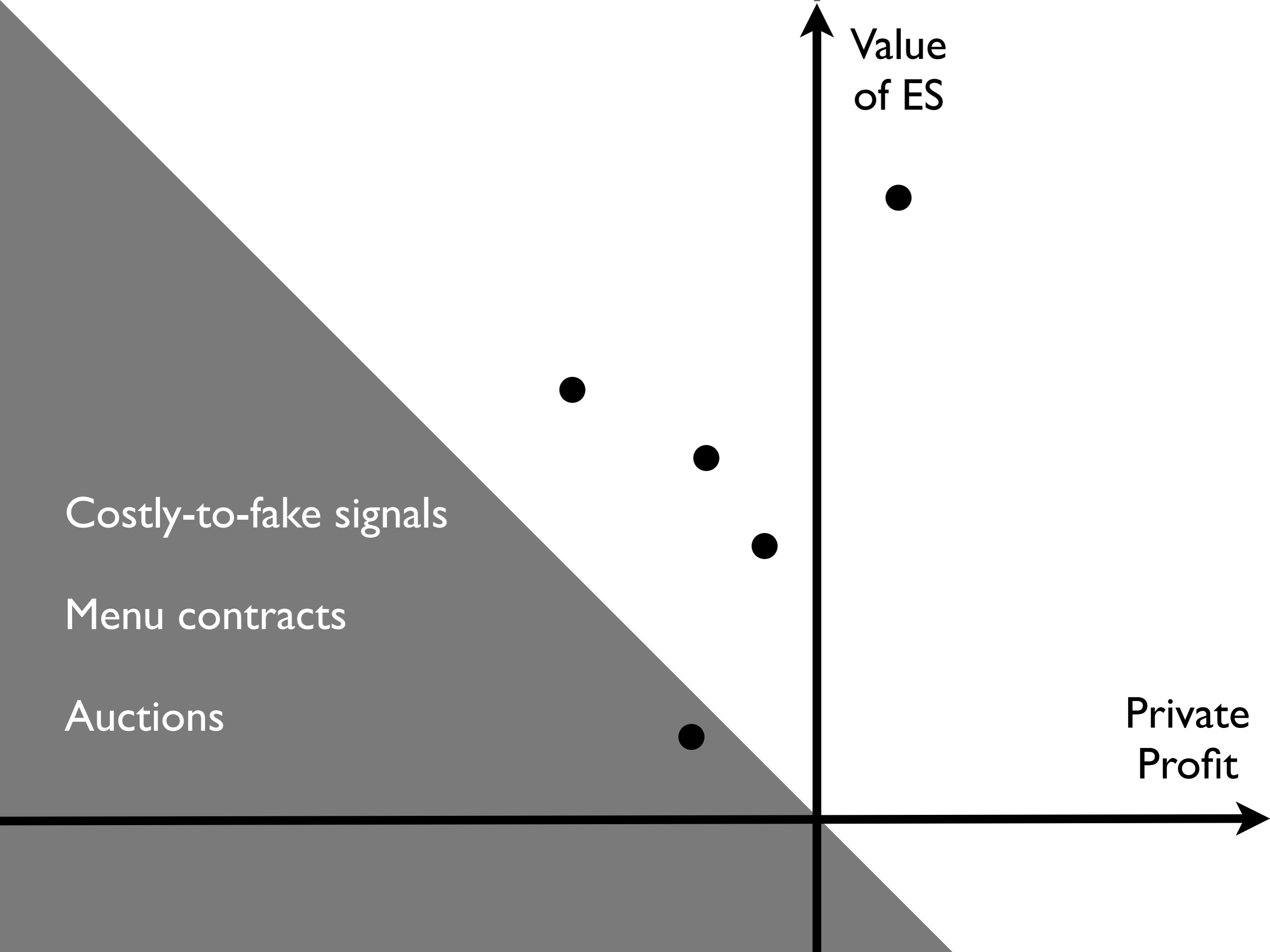
Efficient Allocation

Cost



Additional ES





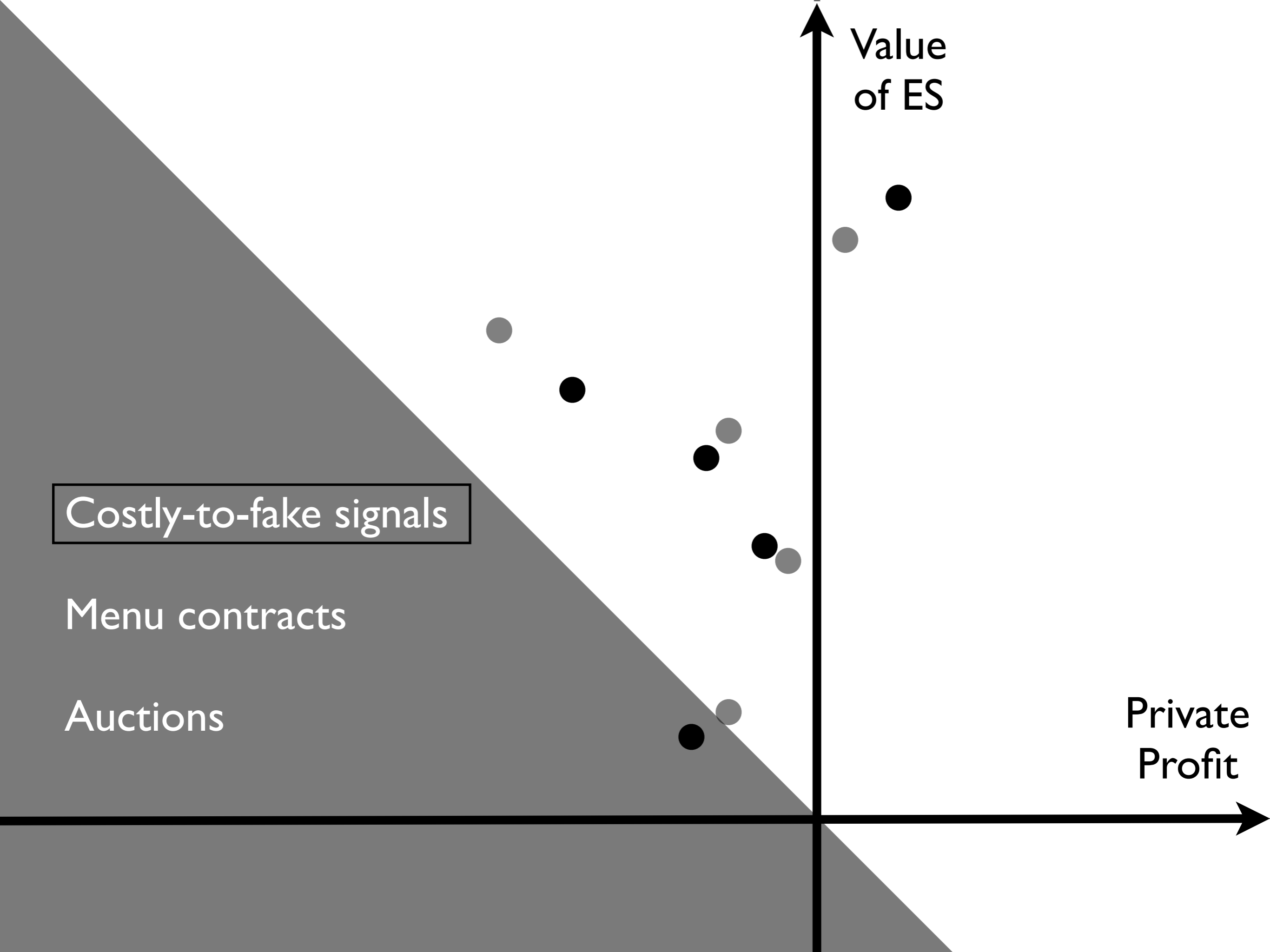
Value
of ES

Costly-to-fake signals

Menu contracts

Auctions

Private
Profit



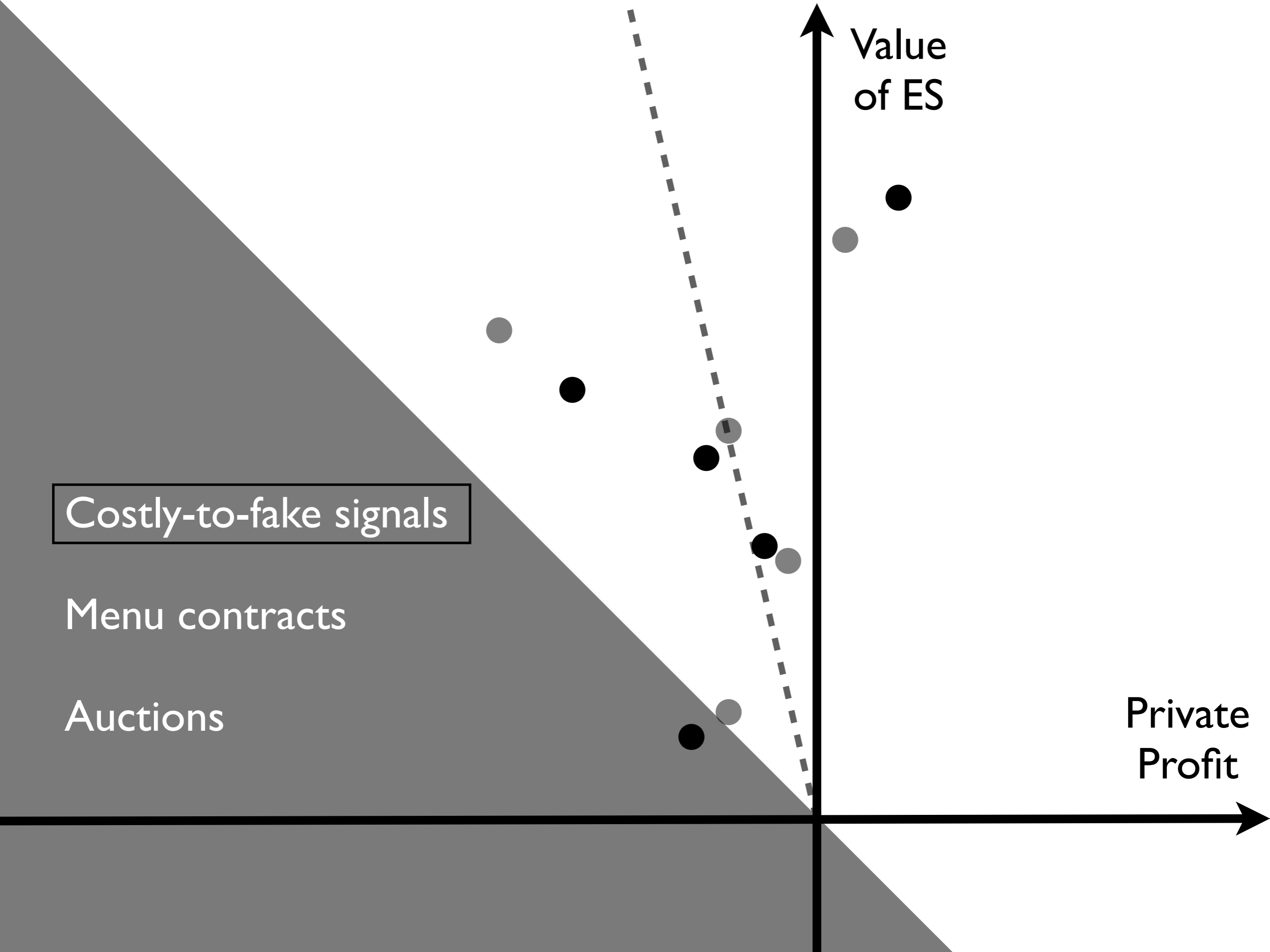
Value of ES

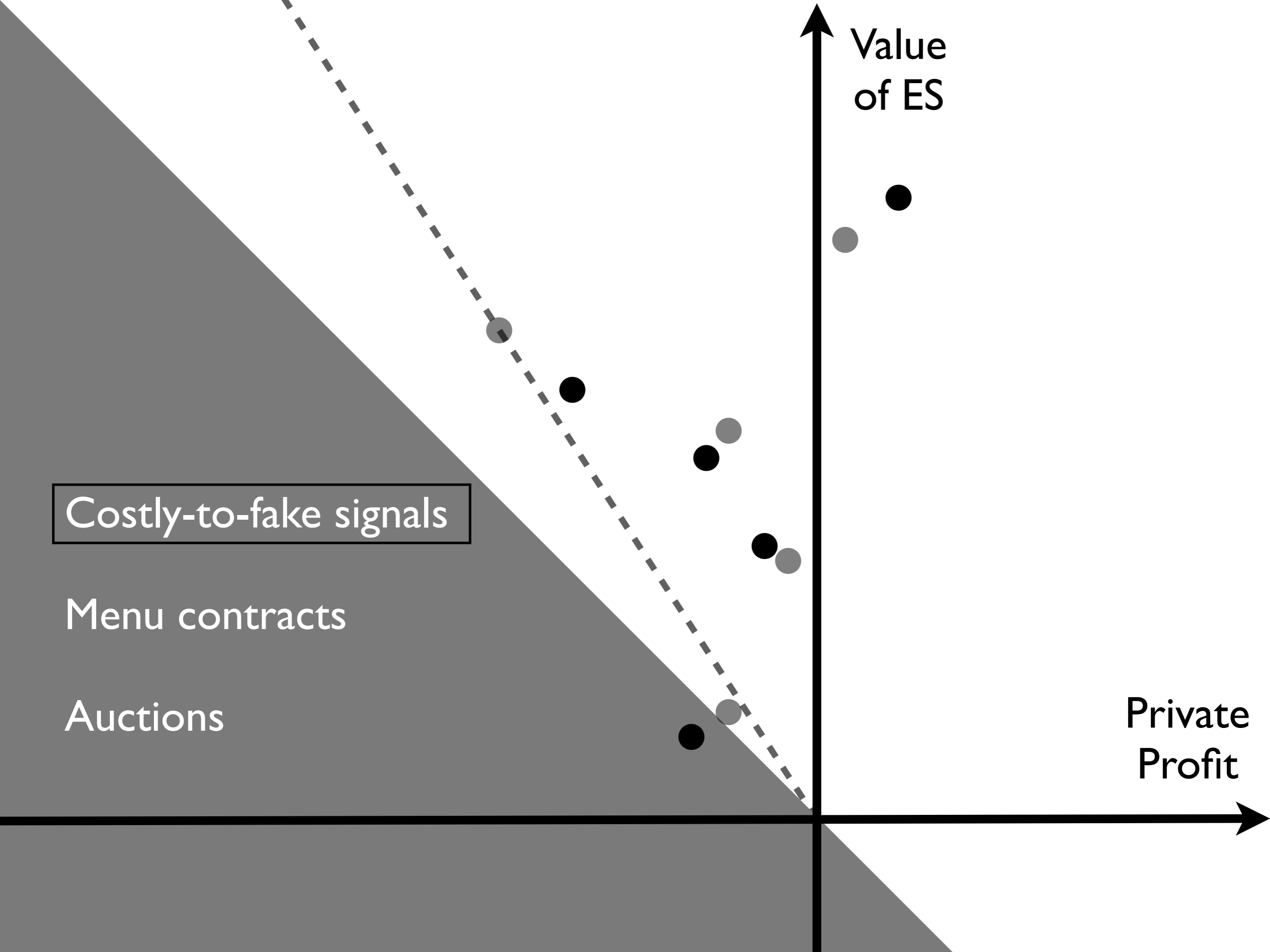
Private Profit

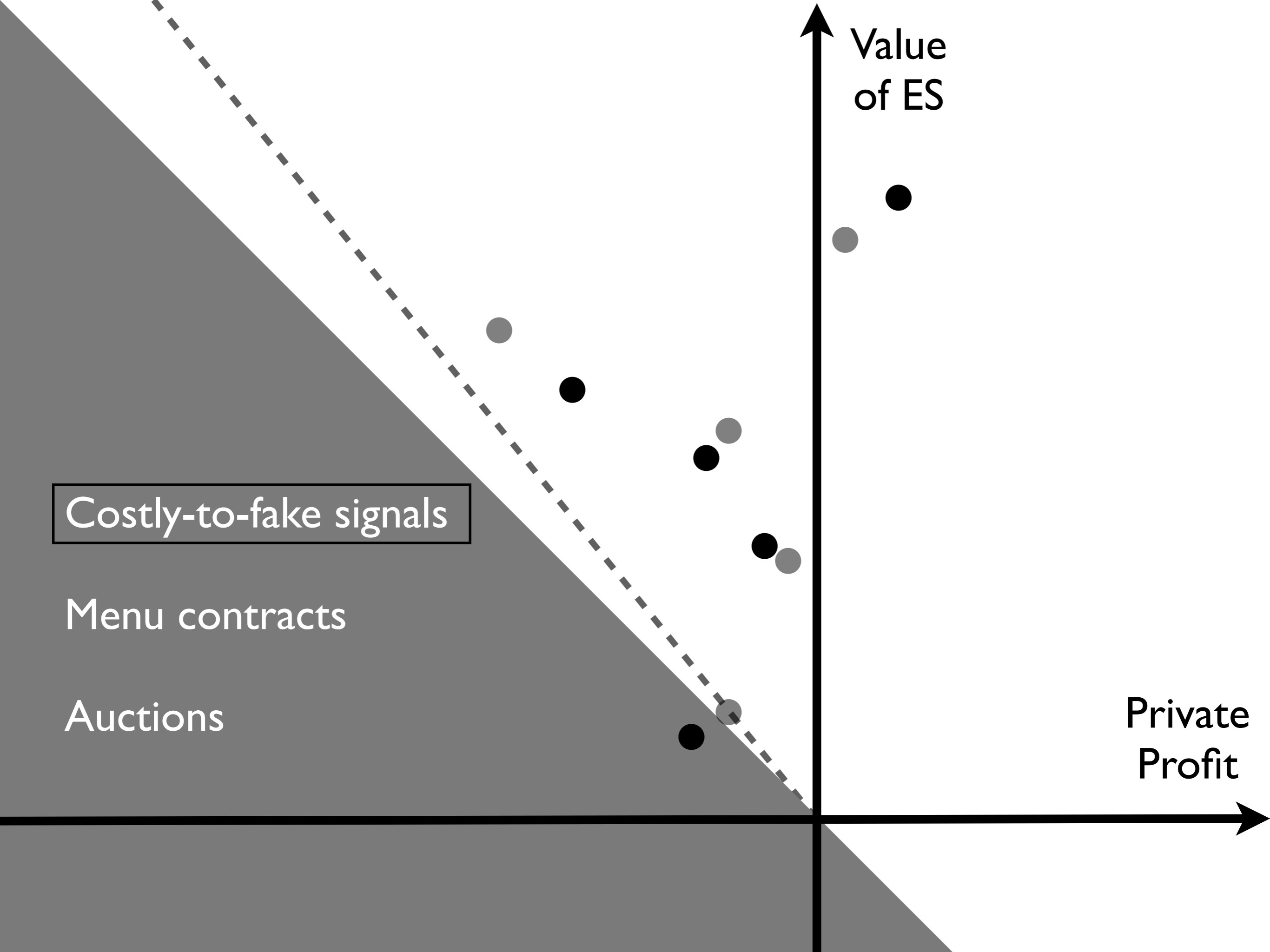
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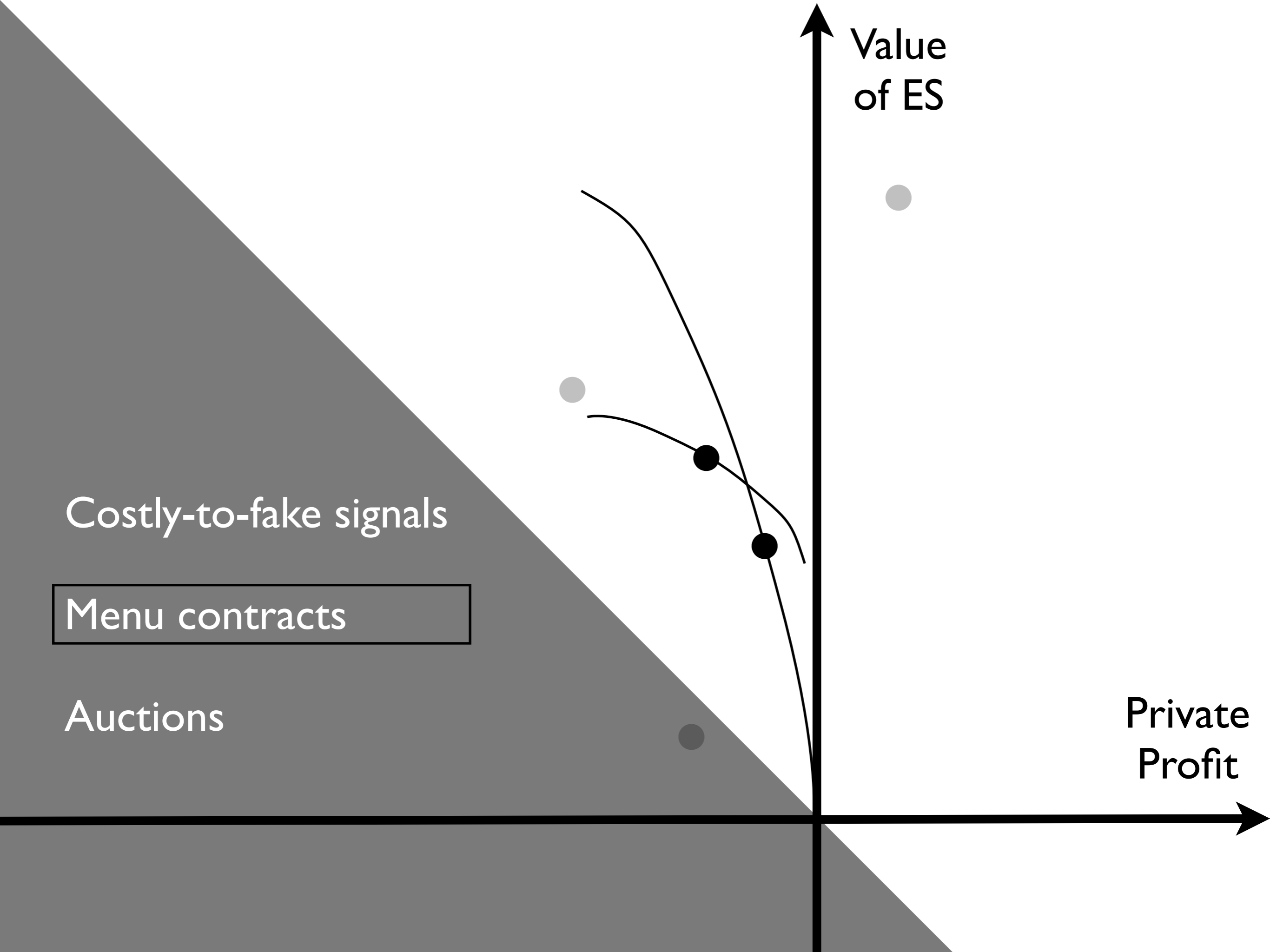
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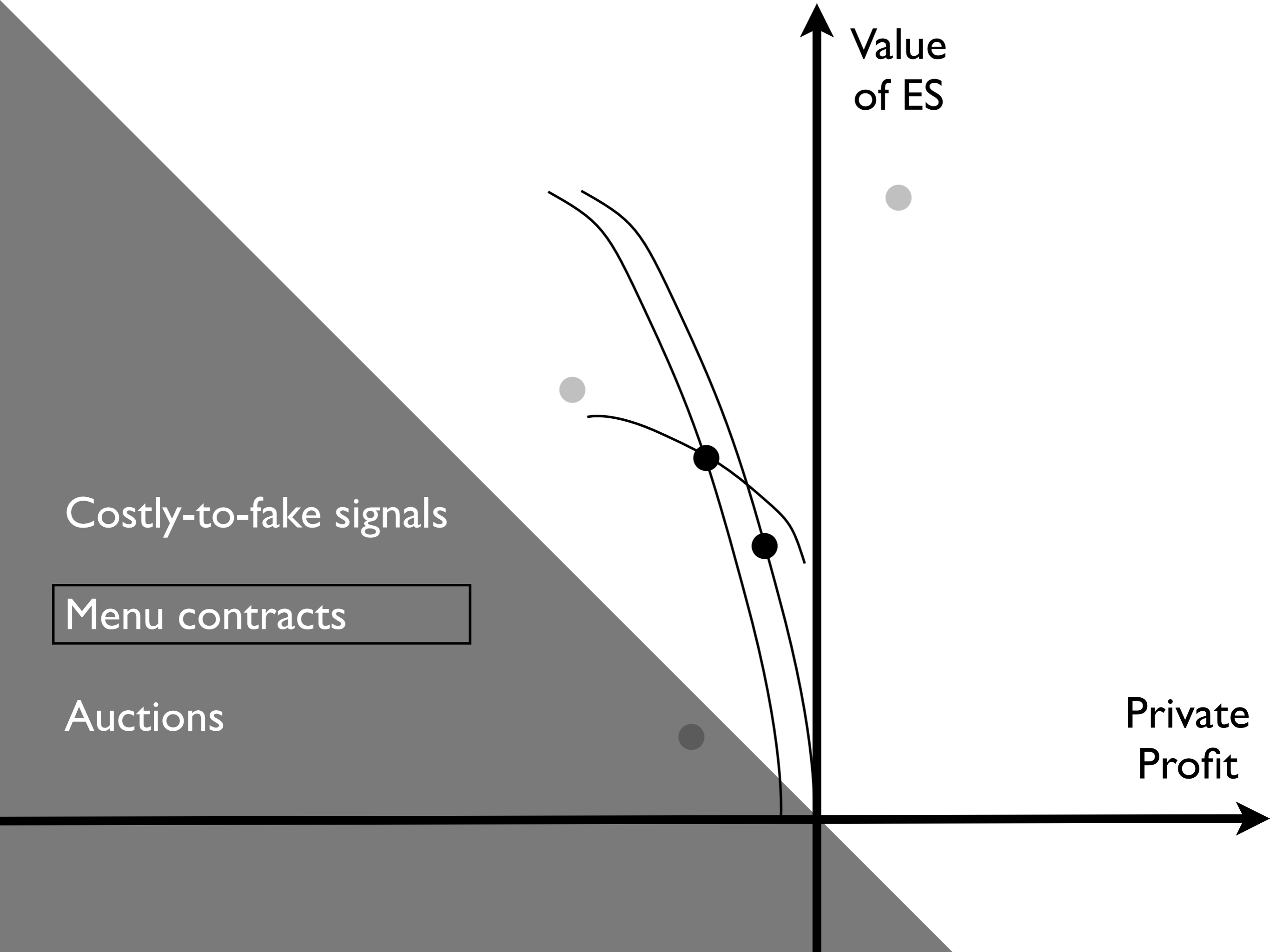
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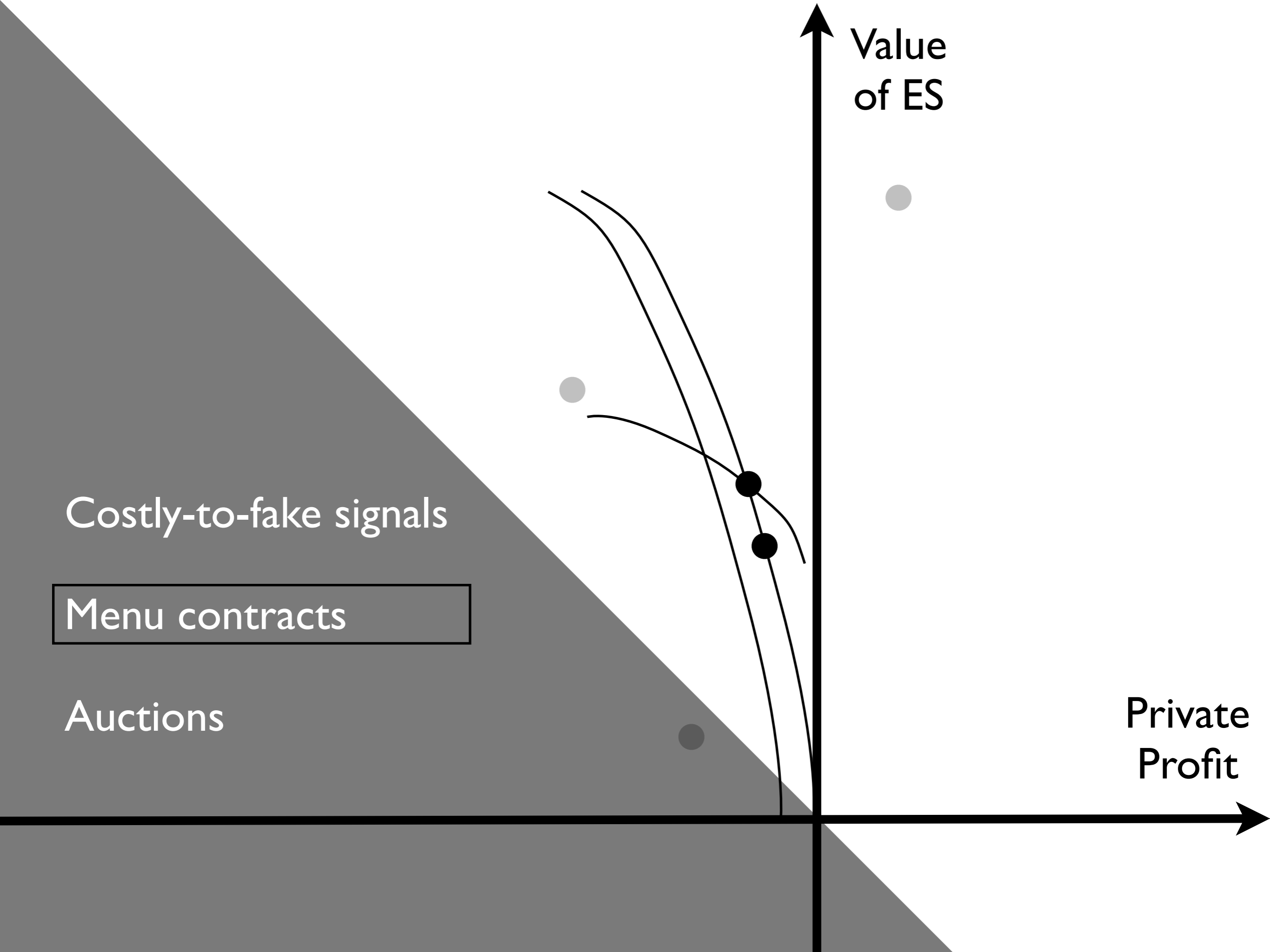
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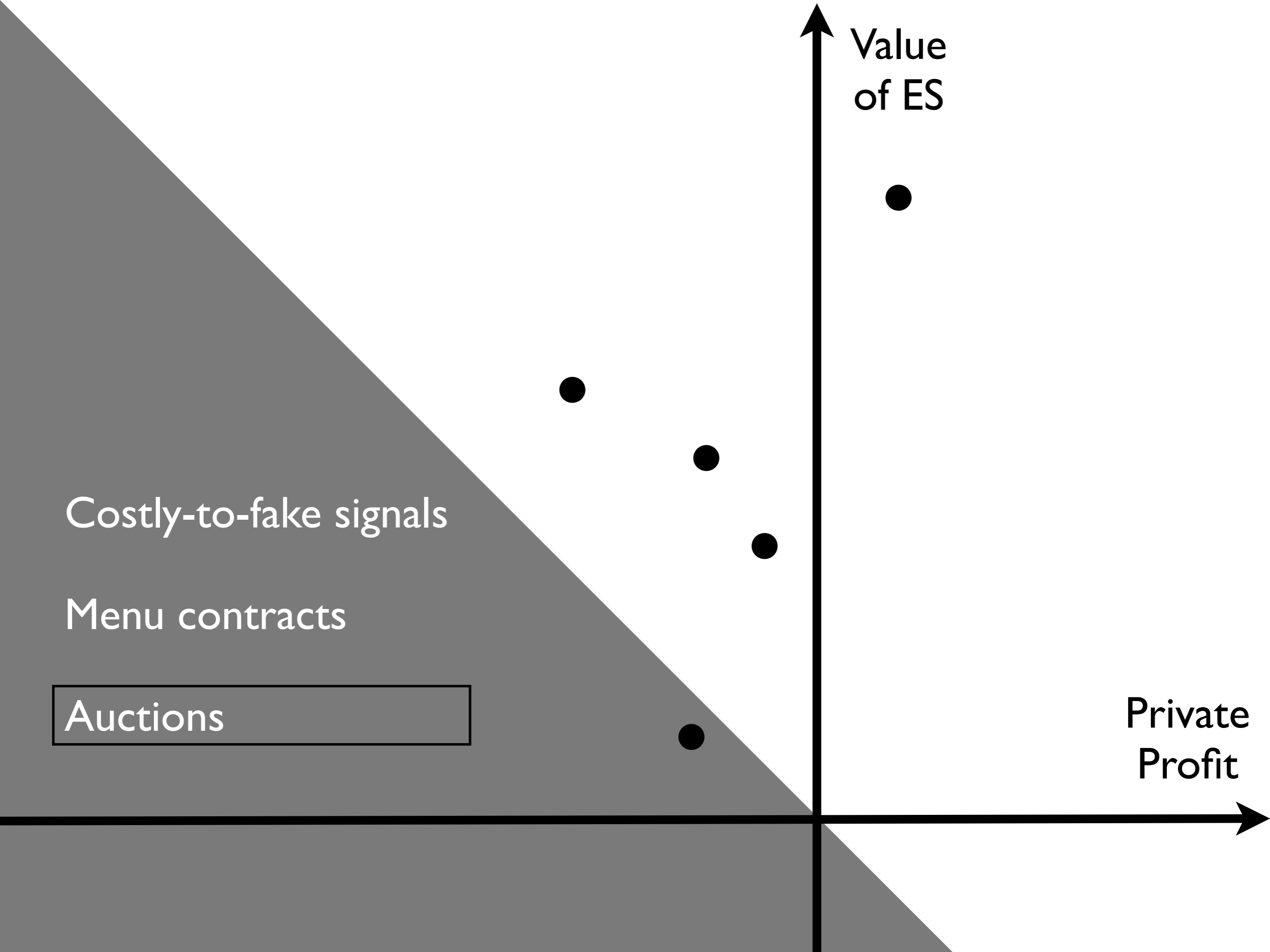
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Choosing Allocation Method

Defining Contracts

Repetition

Co-benefits

Securing Ecosystem Services

More monitoring

Better monitoring

Pay upon verification

Staggered payments

Efficiency payments

Joint responsibility for delivery of ES



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Comments? Questions? Criticism?

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