

Market-based instruments for ES: A rough guide to the literature jungle



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Background and Rationale

Confusion around MBIs is a problem:

- Delayed decisions & actions in international arenas
- Good communication as requirement for policies
- Confusion promoted to make older instruments more palatable?

Background and Rationale

Preliminary review shows MBIs as catchall for all pricing instruments, hence we asked:

« How are MBIs for ES defined, reflected and assessed in the scientific literature? »

Methods

- Use existing typology of MBIs as framework to identify patterns
- Representative sample of scientific articles

A typology of MBIs:

1. Direct markets

2. Tradable permits

3. Reverse auctions

4. Coasean-type
agreements

5. Regulatory price changes

6. Voluntary price signals

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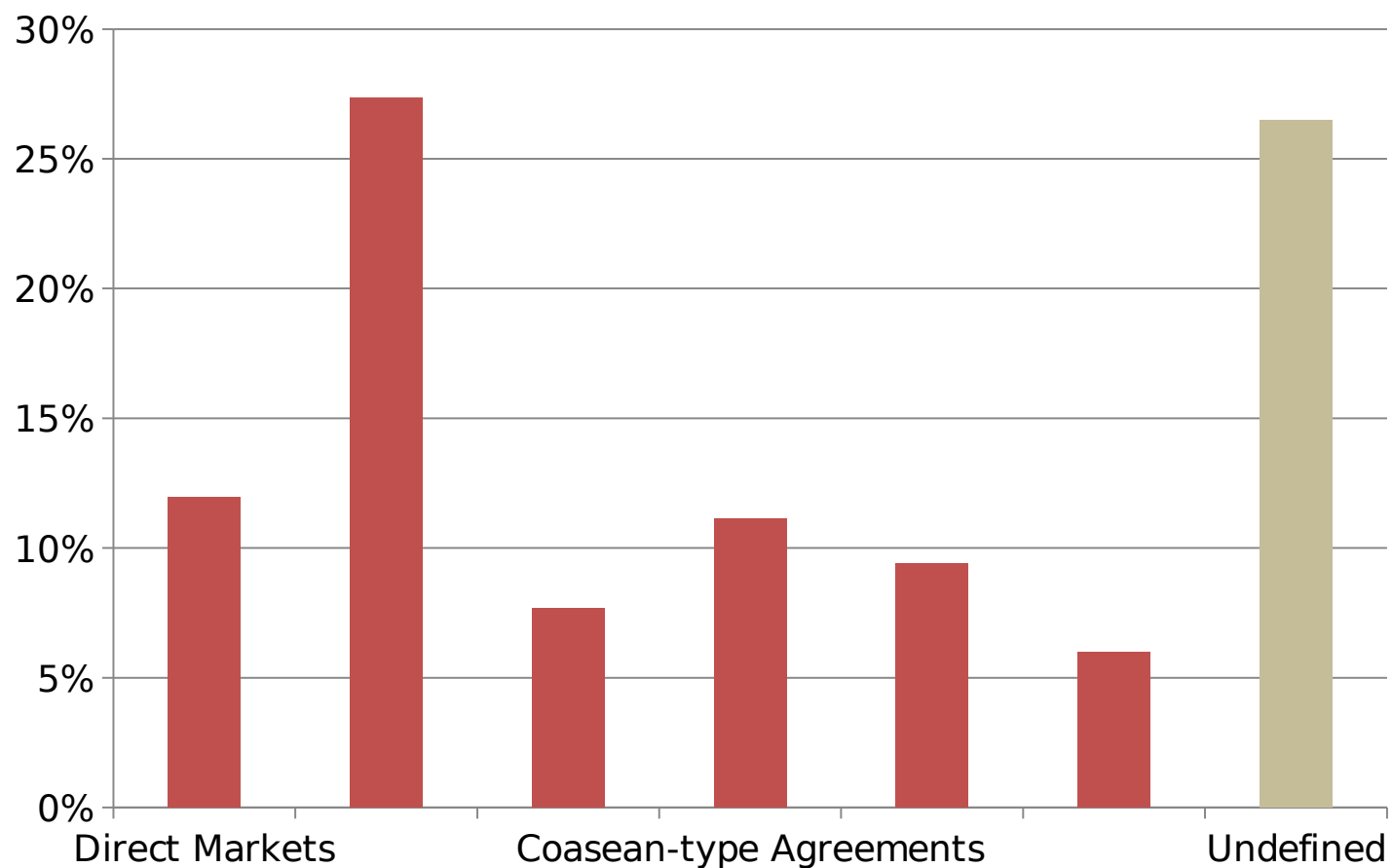
6. Voluntary price signals

Sampling the scientific literature

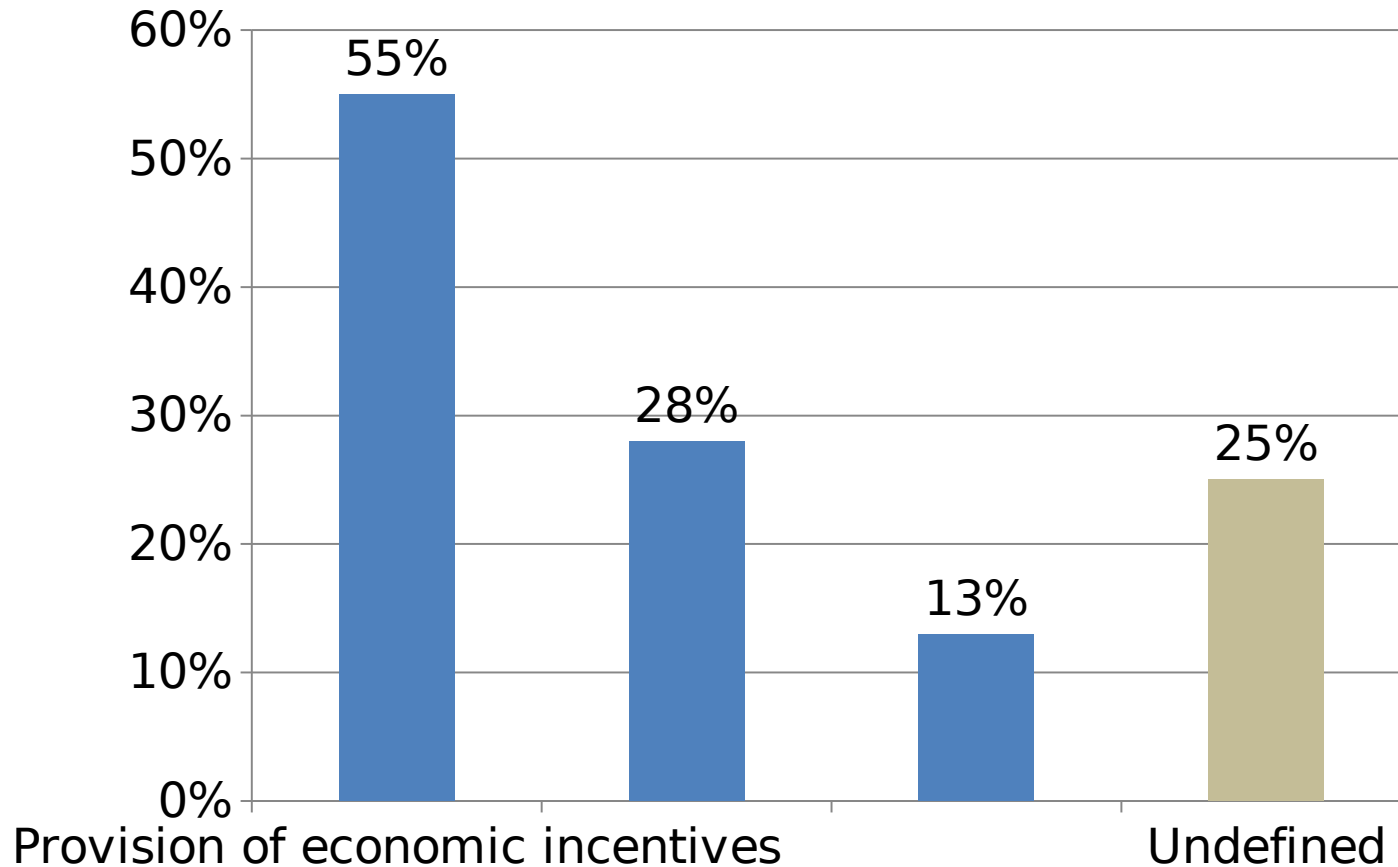
- WoS with relatively narrow scope
- **Keywords:** 'market-based' (topic) OR 'market' (title)
AND ('ecos services' OR 'envir services'
OR 'biodiv')
- 104 relevant articles (out of 146 initially hit)

Results

Distribution of MBIs in the categories:



Justifications provided for MBIs:

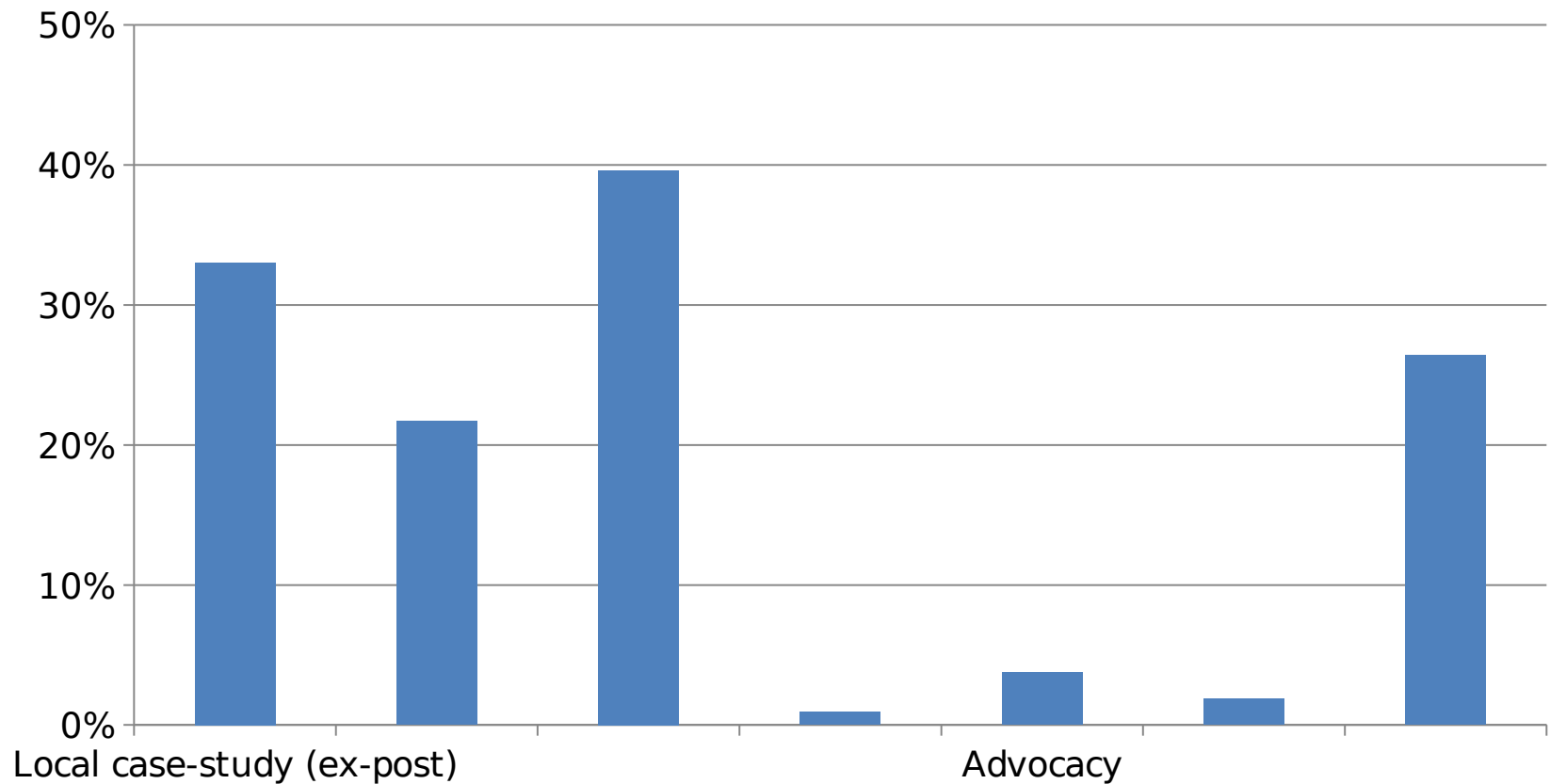


Wide range of terms and limited clarifications:

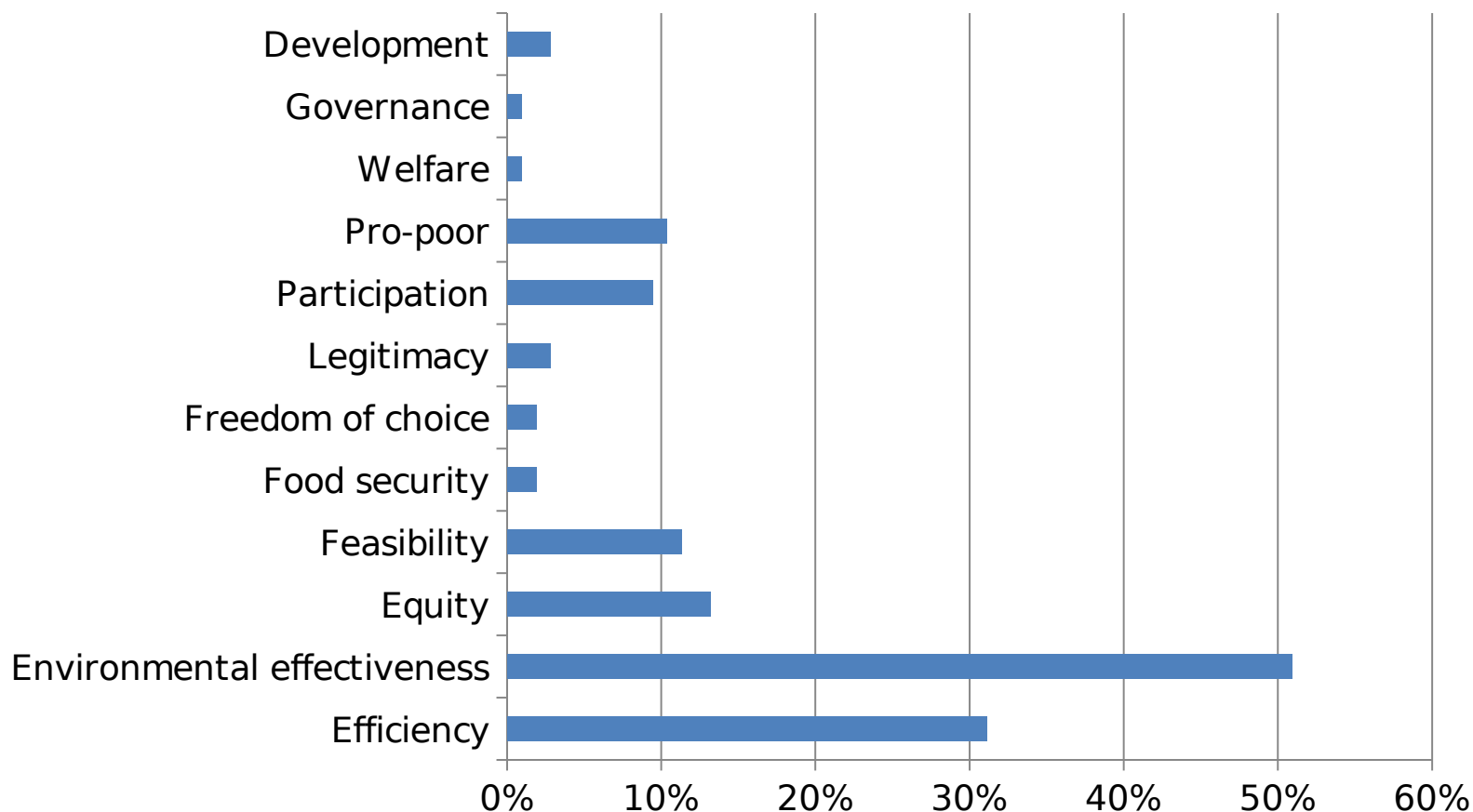
25% of articles cite MBIs as a general and undefined instrument

50 different names to designate MBI (many names for each instrument)

Broad range of analytical approaches:



Broad range of evaluation criteria:



Positive, negative and neutral assessments
in similar proportions...

BUT WHAT DOES IT MEAN?

[Depends on evaluation criteria, analytical
approaches...]

Conclusive remarks

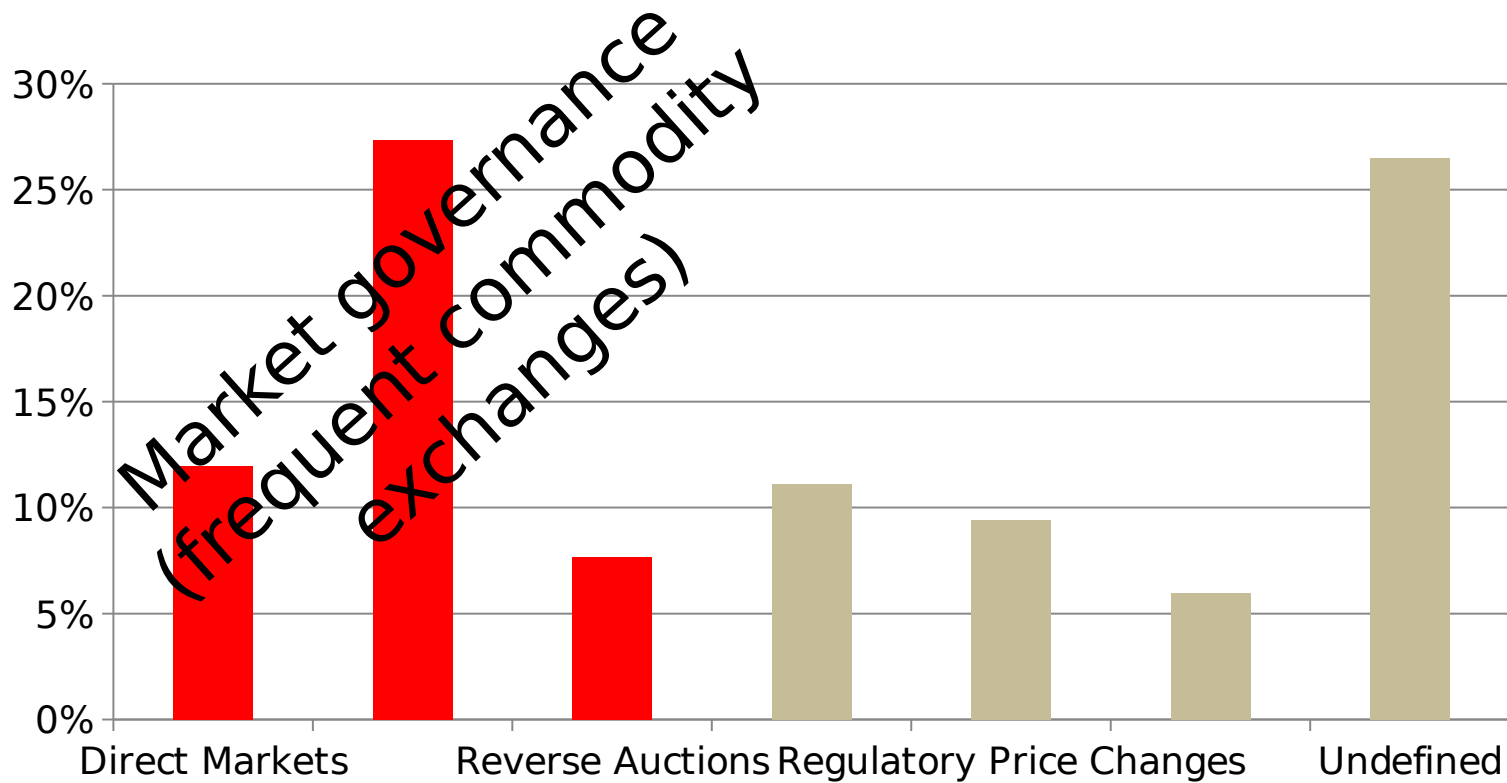
Generalizations are pointless because of great diversity

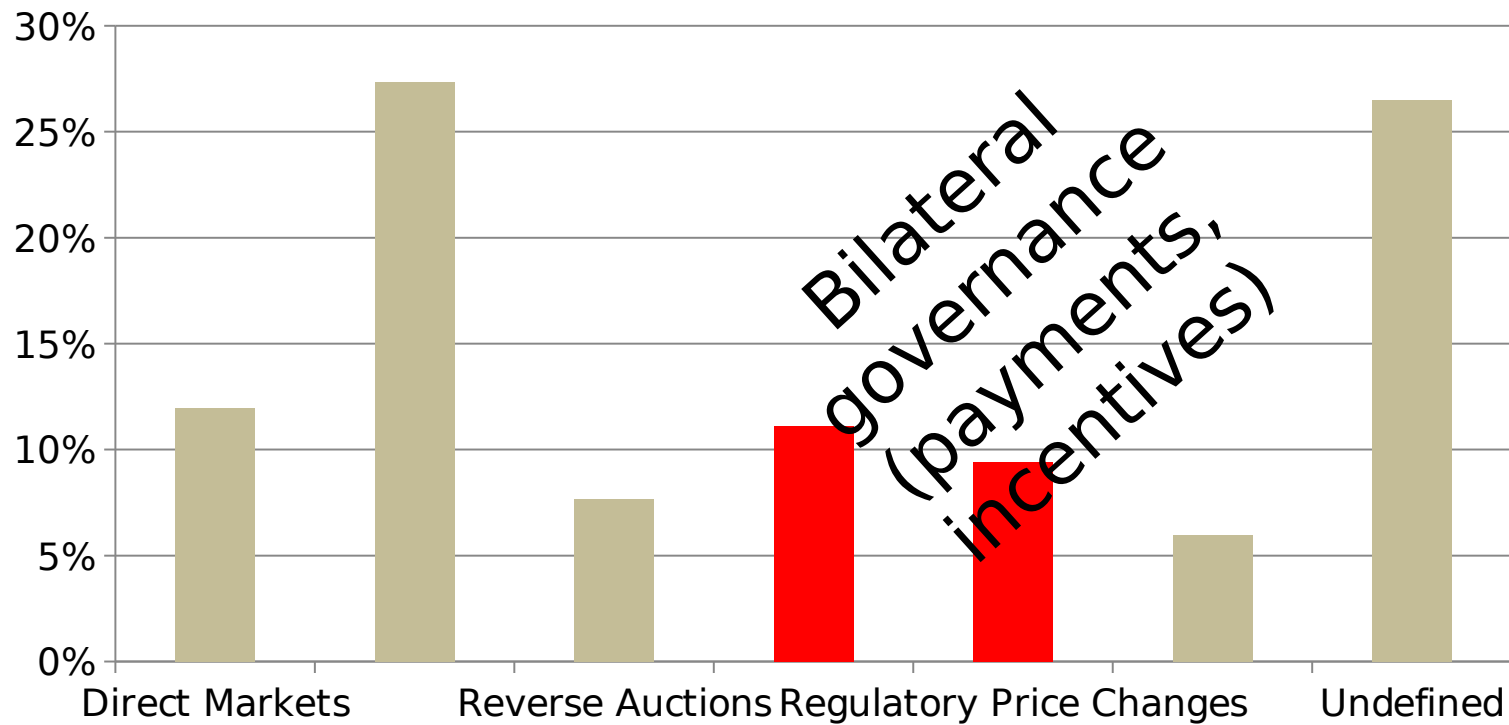
Mutually-exclusive categories are a challenge

A minima crucial distinctions between funding / incentives / allocation mechanisms

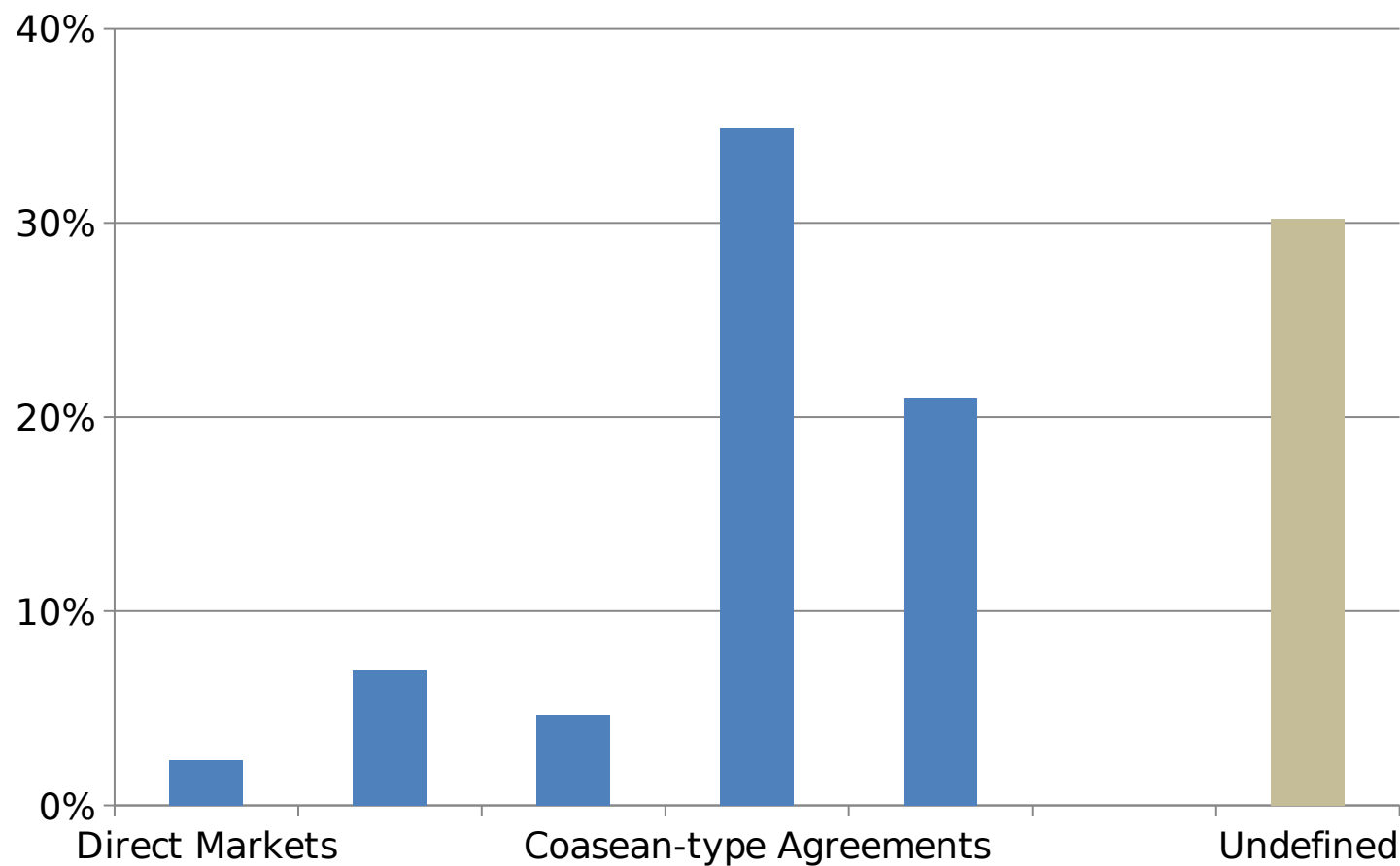
Market governance *versus* bilateral governance?







Are PES a specific case?





“[experience] shows how the actual use of these tools tends to depart from the role which economists have conceived for them”

Hahn, R.W. (2000)

Further reading

Pirard R., de Buren, and R. Lapeyre, 2014, Do PES improve governance of forest restoration?, *Forests*, 5 (3), pp. 404-24.

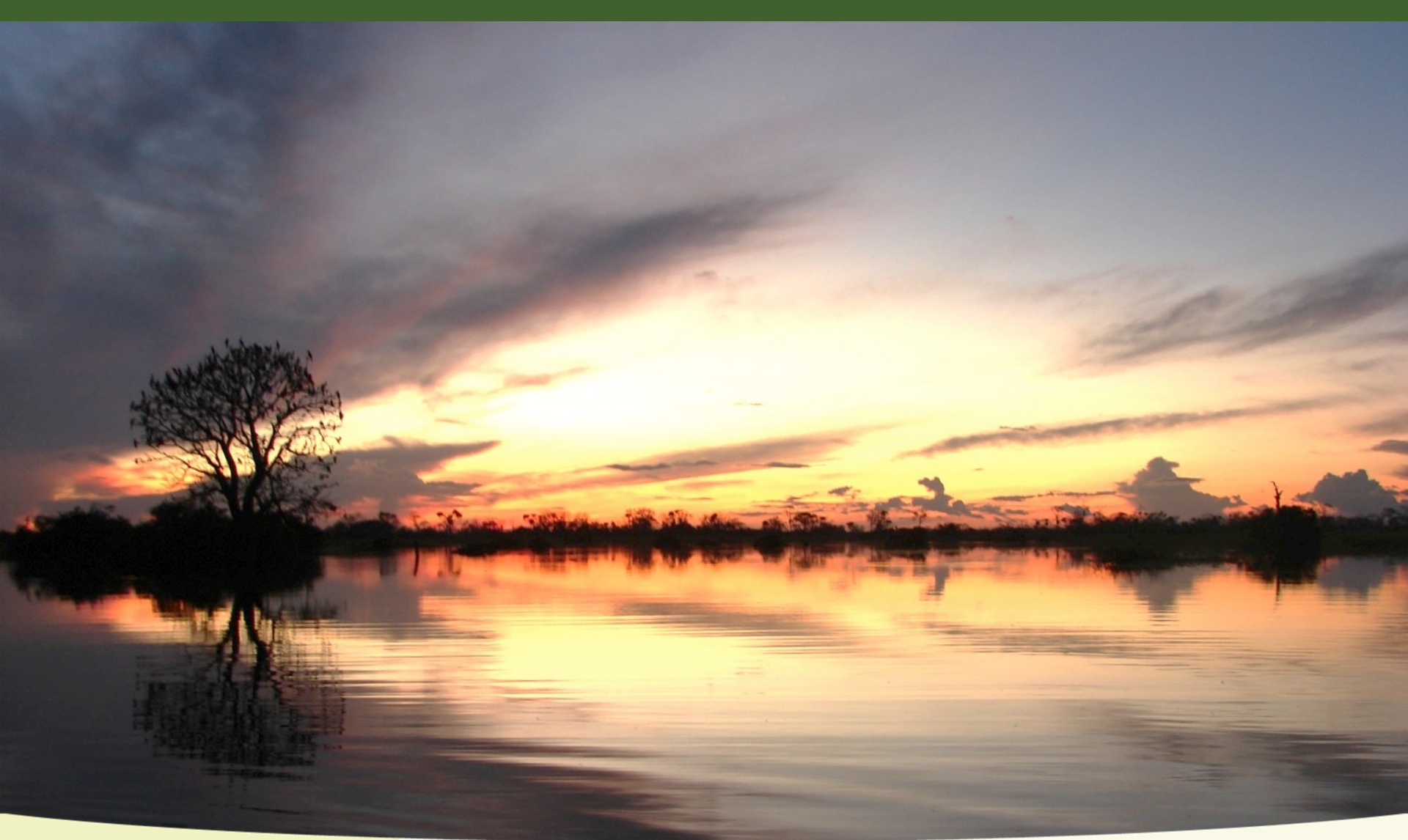
Lapeyre, R. and R. Pirard, 2013, Payments for environmental services and market-based instruments: next of kin or false friends? *IDDRI Working Paper N°14/13*, Institute for Sustainable development and International Relations (IDDRI), Paris.

Pirard, R., 2012, Payments for Environmental Services (PES) in the public policy landscape: “Mandatory” spices in the Indonesian recipe, *Forest Policy and Economics*, 18, pp. 23-29.

Pirard, R., 2012, Market-based instruments for biodiversity and ecosystem services: A lexicon, *Environmental Science & Policy*, 19-20, pp. 59-68.

Pirard, R., Billé, R. and T. Sembrés, 2010, Upscaling Payments for Environmental Services (PES): Critical Issues, *Tropical Conservation Science*, 3(3), pp. 249-61.





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