

## Compensation for Ecosystems Services Programme

**Innovative ways of improving livelihoods  
and advancing environmental goals**

**What?** Compensation for Ecosystems Services (CES) is retribution for any human-induced action/effect that a group and/or an individual generates to the benefit of the environment, which in turn can be used by third parties such as governments, communities and private entities. CES mechanisms include carbon sequestration, biodiversity conservation, watershed protection, and conservation of scenic beauty.

**Why?** CES is not generally included in financing strategies for UNCCD implementation, yet natural resource management (NRM) is increasingly focusing on services provided by ecosystems. Moreover, stakeholders are increasingly willing to compensate natural resource stewards for such services. While not a panacea for rural poverty, CES can be incorporated into broader development strategies to increase rural communities' natural, socio-political, human, physical and financial assets, and can be imbedded in national-level resource mobilization mechanisms and instruments, to advance environmental goals.

**How?** Recognizing the strategic importance of CES mechanisms for implementing the UNCCD and the other Rio Conventions at local level, the GM is identifying opportunities for mobilizing additional resources for communities living and working in specific landscapes, through CES. It also aims to integrate CES mechanisms at institutional and programmatic level, as one potential element for resource mobilization in the GM's broader National Financing Strategies (NFSs).

**Focus** In view of the innovative nature of CES and its proposed application, the programme will be fine-tuned as activities progress. The initial focus is on:

- developing and consolidating approaches and tools to demonstrate how the programme can add value to GM interventions and those of its partners at country level, and how it complements the GM's other strategic programmes. This entails developing a common understanding amongst stakeholders of the rationale for linking CES with UNCCD resource mobilization efforts, the various compensation mechanisms that exist, and how these mechanisms have already been used in non-UNCCD contexts. It also means crafting information materials and fully documenting the GM's experience of CES, to justify engaging potential national and international partners in the process.
- promoting mutually-beneficial public-private partnerships with multiple stakeholders, especially communities, community-based organizations, local government, the corporate sector, bilateral and multilateral organizations, central government, and experienced non-governmental organizations (NGOs)
- facilitating the development of targeted CES initiatives in GM priority areas in Africa, Asia and Latin America and the Caribbean, by harmonizing approaches and

formalizing operational partnerships. Initiatives are currently being developed or explored in Ecuador, Nicaragua, Uganda, Morocco, Jordan and Central Asia.

- contributing to the convergence of UNCCD and United Nations Framework Convention on Climate Change (UNFCCC) policy dialogue, by developing conceptual arguments, particularly on issues related to adaptation and avoided deforestation, which could serve as the common denominator for addressing UNCCD issues in the future.

## Partners

The GM's main partner is EcoSecurities - the largest dedicated greenhouse gas advisory and trading firm in the world, which is supporting the development of methodological approaches and tools to identify, design, negotiate and implement locally-owned CES-related projects within the framework of the UNCCD and poverty alleviation, in Nicaragua, Peru and Ecuador. Partnerships are also being developed with the GM's Facilitation Committee members such as FAO, UNEP, World Bank Conservation International's Andean Programme, international private sector organizations, and organizations with ecofund scheme experience.

## Outcomes so far

### in Nicaragua

- enhanced coordination mechanisms between UNCCD focal points and officials from the Designated National Authority (DNA) or Clean Development Mechanism (CDM) Office
- establishment of a multi-stakeholder platform on CES for information exchange and to identify, design and negotiate CES project proposals for financing from public and/or private sector sources
- development of a comprehensive technical background paper identifying investment opportunities through CES for the UNCCD, through EcoSecurities and in close collaboration with national and international partners.

### in the Peru/Ecuador transboundary area

- integration of UNCCD priorities into the framework of the Peru/Ecuador Bi-national Development Programme, by identifying investment opportunities from CES project proposals
- establishment of coordination modalities between local expert organizations working on CDM in Peru (Fondo Nacional del Ambiente – FONAM) and Ecuador (CORDELIM)
- interaction with UNCCD focal points to identify CES opportunities in UNCCD priority areas in the border area.

### in all countries concerned

- consultative processes and capacity development through meetings and workshops
- identification and promotion of investment opportunities through viable CES project proposals
- first steps to identify and contact potential purchasers of environmental services.

## For more information:

Mr Alejandro Kilpatrick  
Programme Coordinator  
Latin America & the Caribbean  
Tel: +39 06 5459 2524  
email: a.kilpatrick@ifad.org

The Global Mechanism at IFAD - Via del Serafico, 107 00142 Rome, Italy  
[www.global-mechanism.org](http://www.global-mechanism.org)