



**Junior Research Group CIVILand - Subproject 6:
Civil Society and Payments for Ecosystem Services (PES)
A New Institutional Economics Approach**

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Background

- Payments for Ecosystem Services (PES) use economic incentives to confront resource degradation
- Exchange of Ecosystem Services and goods between service supplier and buyer incurs **transaction costs**.
These occur e.g. due to gathering of information, negotiation and control costs. Also due to the reduction of asymmetrically distributed information between service supplier and buyer or ex post contract adjustments.
- With respect to Payments for Ecosystem Services, transaction costs can be considerably high. Complex cause-effect relationship within Ecosystem Services and complex moral concepts and behavioral traits of the involved stakeholders have a direct impact on the effectiveness of the implemented PES instruments.
- Governance structures – as a set of existing and to be developed formal and informal rules – evolve to decrease transaction costs and to reduce the risk of transaction. Different governance structures coordinating the exchange of ecosystem services are unequally suited to cope with the transaction specific problems.

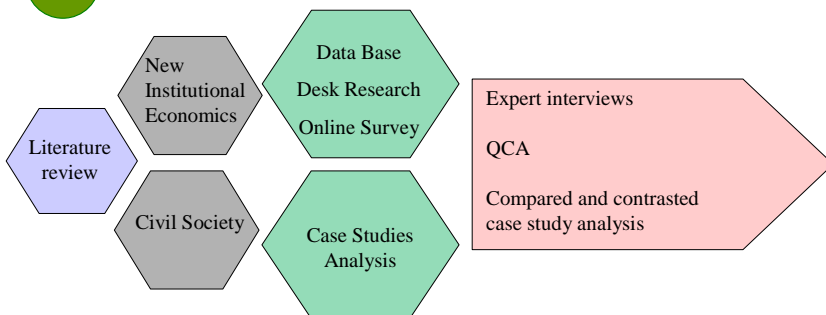
Aims

- Theoretical discussion about strengths, weaknesses and advantages and disadvantages of civil society Initiatives with respect to designing and implementing PES schemes.
- Linking of the new institutional economics approach – and in particular the transaction cost theory and principal agent theory – with discussion on civil society research.
- Identify further research for which hypotheses shall be generated...
- Inventory-taking and categorization of PES schemes designed and implemented by civil society initiatives. Examples from England & Wales, Germany and the US.
- Case Study Analysis
- Description of general Good/ Best Practice examples, description of failed cases studies and potential pitfalls.
- General weighting of transaction costs
- Elaboration on the criterion for efficiency

Research Questions

- ▶ Strengths and weaknesses of civic society institutions in designing and implementing PES schemes. Where can civil society initiatives help to reduce transaction cost? Where can civil society initiatives help in particular to decrease asymmetrically distributed information?
- ▶ Which ecosystem services are targeted by civil society initiatives?
- ▶ At what geographical scope do civil society initiatives operate? Local, regional, national wide?
- ▶ Which governance structures are implemented by civil society initiatives?
- ▶ Which governance structures appear to be particularly effective?

Methods



About me...



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Sarah Schomers is a PhD candidate within the junior research group CIVILand

She studied International Economics and Business at the universities of Groningen (Netherlands), Lima (Peru), Valencia (Spain) and Berlin.

During her studies she focused on the economic development of rural regions, in particular in Latin American countries.

Within CIVILand she focuses on transaction cost theory and principal agent theory, linked to civil society initiatives.