

Ecosystem services

Nature pays, but who pays for nature?

By **Erwin Bulte**

Many western politicians are fond of giving public money to farmers to grow more food. A relatively recent phenomenon is to pay farmers to *not* produce food – or, more accurately, to pay them to produce nature. In Europe we spend billions of euros to promote nature conservation in agricultural landscapes. There are now proposals to extend such ‘payments for ecosystem services’ (PES) schemes to include farmers in developing countries.

The next flagship report of the Food and Agriculture Organization – *The State of Food and Agriculture 2007* – is devoted to PES. It appears that PES is gaining momentum and could constitute a new green revolution. Its economic rationale is impeccable, firmly rooted in theories of market failure and positive externalities. Since many ecosystem services are not traded on markets, the benefits are ‘external’ to decision makers, and therefore ignored. Why should a forester care about the carbon ‘fixed’ in the trees on his land, and the contribution he provides to mitigating climate change? He is probably more interested in the timber he can sell.

If other regulatory instruments fail, PES could be a pragmatic means to achieve efficiency and increase welfare. That is, promote nature conservation whenever the associated benefits outweigh those of switching to alternative land use options. There are many cases where investing in nature ‘pays’. Since some developing countries have a huge comparative advantage in the provision of ecosystem services, ranging from carbon fixation to biodiversity conservation, what makes more sense than substantial flows of money from the North to ‘bribe’ landowners in the South to continue supplying these services to the world community?

The story could actually be better. Since most of the poor in developing countries live in rural areas, is it not possible to kill two birds with one stone – promote conservation and alleviate poverty? It is this question that the FAO report tries to address. Unfortunately, reality is not that simple. For example, involving the poor may be more expensive – per unit of nature purchased – than schemes targeting large landowners.

I am involved in a PES project in Kenya. The idea is to pay Maasai to remove fences and return to a ‘pastoral’ lifestyle as this would be compatible with the migratory movements of wildlife valued by Europeans (elephants!). But removing fences creates winners and losers. Elephant lovers and the tourist industry win. The Maasai gain something, but not much, because the payments they receive are based on the opportunity cost of their land – the forgone returns from renting out their fields to another tribe, the



Photo: HH/Nature Picture Library

Kikuyu, who use it for growing onions and tomatoes. The losers are the Kikuyu, who can no longer plough these fields, and consumers who may find that the price of onions has gone up.

There are also institutional concerns. For example, who will provide the money? Matters are simple in case of local watershed conservation efforts – the beneficiaries are local parties and they should pick up the bill. The World Bank has been successful in pioneering such constructions. But what about payments for international public goods? A special arrangement has been created for such initiatives – the Global Environment Facility (GEF) – but this is limited in scale and scope, and offers money for a five-year period only. This makes no sense in the case of compensation for a potentially endless flow of non-use values.

Despite these concerns I have gradually become a believer in PES as a natural next step in the evolution of environmental regulation. In some cases there will be trade-offs between conservation and poverty alleviation, but the developing world also provides many opportunities for win-win outcomes – areas where PES projects can be beneficial on both fronts. One of the advantages of PES is that it promotes creativity. By creating ‘markets’ for environmental services it encourages individuals to search for profitable opportunities. Letting markets work for you is always a better bet than trying to fight them.

The biggest challenge is possibly of a political nature. Will politicians also wish to give money to poor farmers abroad, rather than their own constituents, even if this yields demonstrable economic benefits? ■

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Shaking up citizenship

On 20 and 21 April 2007, the Social Sciences and Law faculties of the Free University of Amsterdam hosted an international conference 'Shaking up citizenship'. This promised to be an interdisciplinary exploration of how globalization affects citizenship, democracy and the role of the state in protecting citizens' rights. In the keynote lecture, leading theorist Saskia Sassen argued that globalization is best understood as 'denationalization'. While the nature and role of state institutions are changing, the nation state itself is not – as some scholars claim, and popular opinion often has it – a disappearing project.

American lawyer Peter Spiro is among those who believe that, in the long run, the state will be lost. In his presentation he tackled the intersection of international law and citizenship. International law used to have little say in the question of who is legally entitled to formal membership – i.e. citizenship – of a particular state. These so-called 'nationality practices' were a *domaine réservée* for state sovereignty. No longer. Whereas Spiro blames this on the encroachment of international law ('nationality law is the fallen last bastion in the citadel of sovereignty'), Sarah van Walsum (who is studying the impacts of Dutch immigration law on transnational families) believes that international human rights law has the potential to increase the vitality of the democratic process, not least within states.

Nicolas De Genova, assistant professor at Columbia University, then presented the mirror image of Spiro's scenario. The politics of immigration and citizenship in the aftermath of 9/11 show that *more* rather than *less* state power is produced in the US.

Immigration and the politics of citizenship are hot issues. Sassen considers the complex subject of immigration as a window that provides new vistas on the growing



Chinese A5 Fantan jet bombers at Nyala, Darfur, Sudan, March 2007

vulnerability of the citizen. She invites legal citizens to make alliances with 'the alien', and stresses the need for a stronger international human rights system.

'Beginnings of transformations can be brutal', she says. The start of industrialization was. The foundational inequality that accompanies today's process of globalization is too. But let us not underestimate the power of vulnerability. About the 4 billion people living in desperate situations today, Sassen asks: what histories are they making?

Ellen Lammers

China in the balance?

China has an increasingly influential voice in global issues such as world trade, conflict management, energy supply security and sustainable development. In June 2006, the Netherlands government presented a policy paper, *Shaping a Relationship for Bilateral Cooperation with China, 2006–2010*, to the House of Representatives. The government also asked the Advisory Council on International Affairs (AIV) to examine the significance of China's growing prominence on the world stage and its implications for Dutch foreign policy. The AIV report, *China in the Balance:*

Towards a Mature Relationship, was published in May 2007.

Given the politically destabilizing potential of China's internal social problems, and the uncertainty about whether China will develop internationally into a 'responsible stakeholder', the AIV advises that 'hedged integration' should guide Dutch policy on China. The report also notes that the current system of global governance needs to be revised in order to include China in the G8 and to strengthen its position within the IMF and the World Bank. The Netherlands should not resist the inevitable redistribution of established power that this implies. Dutch efforts to expand mutual cooperation – focusing on contributing to social stability in China while taking into account Dutch (business) interests – can best be undertaken through international institutions, especially the EU. The AIV's most notable advice – the Dutch government should advocate lifting the EU's arms embargo against China.

Ellen Lammers

- AIV (2007) *China in the Balance: Towards a Mature Relationship*. Report 55, Advisory Council on International Affairs.

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