

The political economy of PES programs: The case of Mexico

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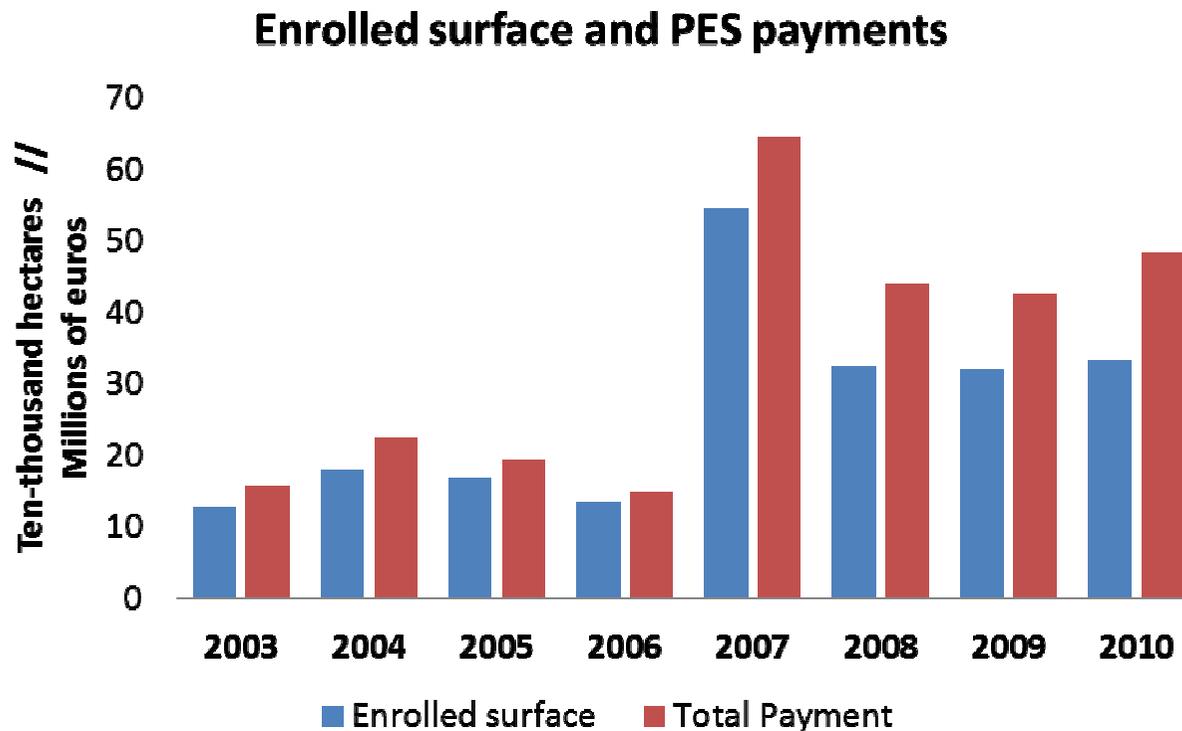
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Reconciling poverty eradication and quality of the environment

What are the innovative solutions ?

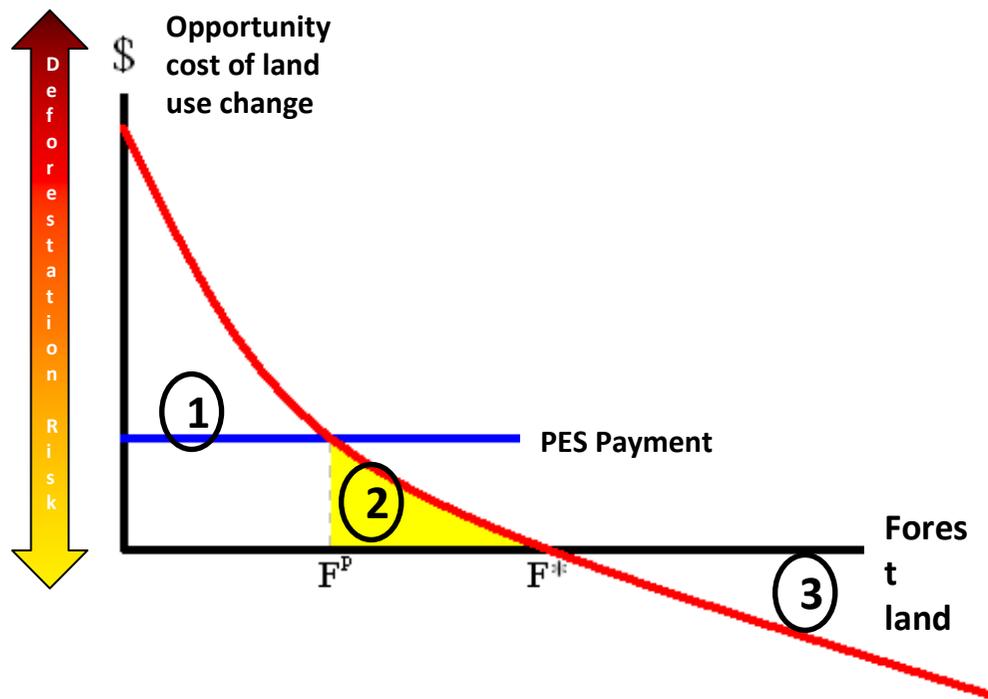
1. PES Program in Mexico

- The PES Program has increased its coverage from 126 to 130 thousand hectares.
- Average payments have gone from 123.8 €/ha to 145.5 €/ha



2. Targeting

A PES Program's efficiency and effectiveness depends on where the payments are going.

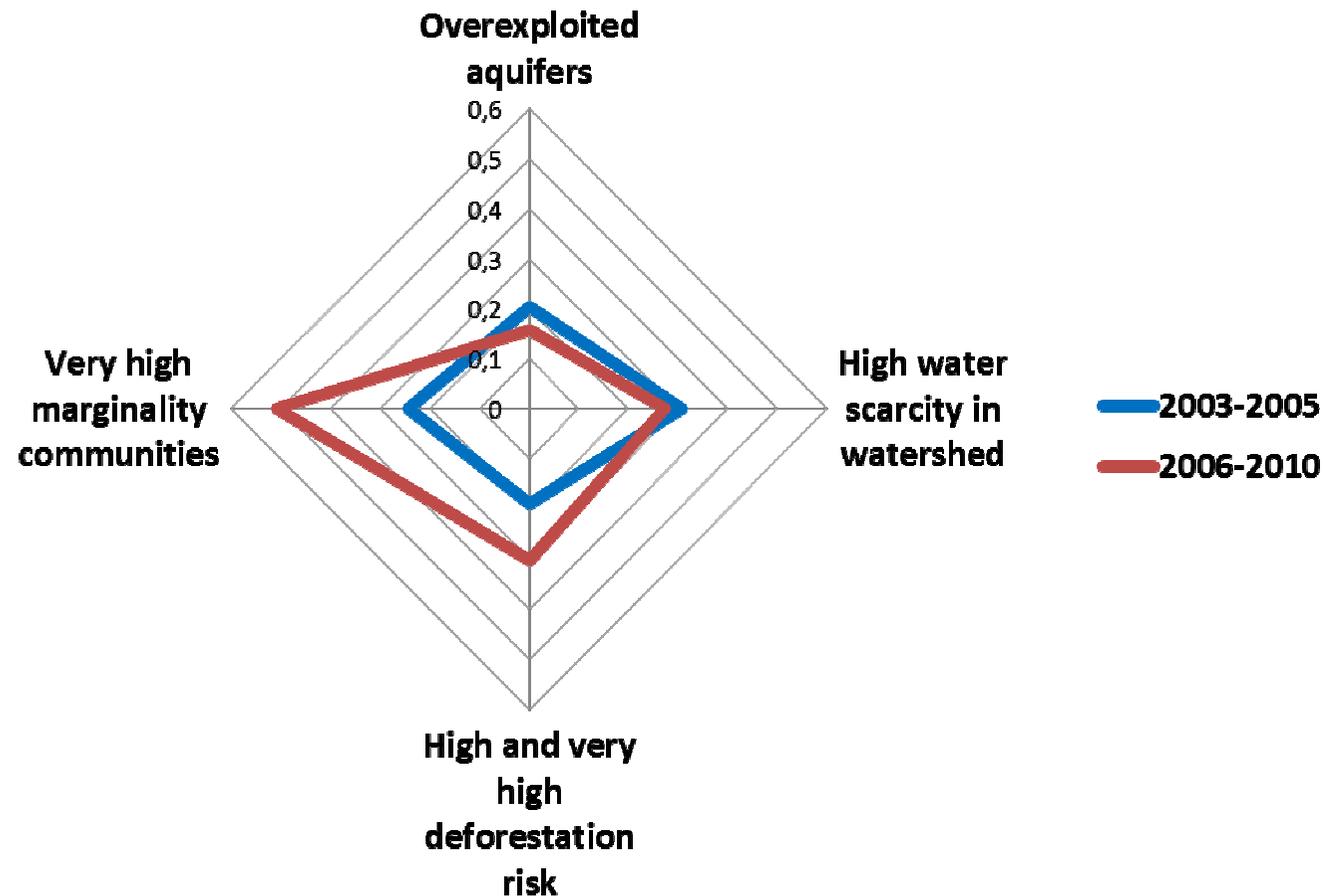


- Land owners in groups 1 will not enter the program voluntarily.
- Plots in group 3 will be preserved, with or without payment.
- **The challenge is to target scarce resources to plots in group 2.**

2. Targeting

2 periods:

- I. 2003-2005: Ad-hoc allocation (first-come-first-served)
- II. 2005-2011: Formal point system using precedence criteria.

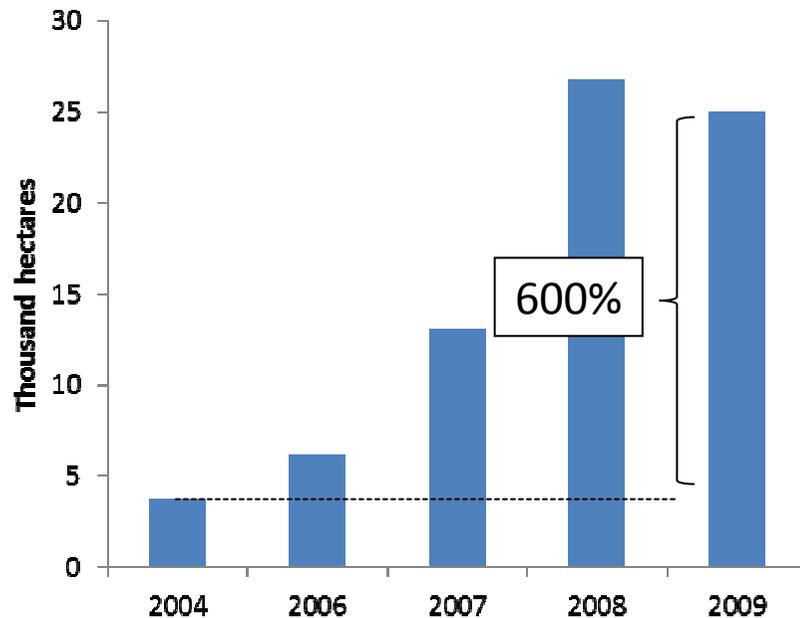


2. Targeting: Elegibility Zones

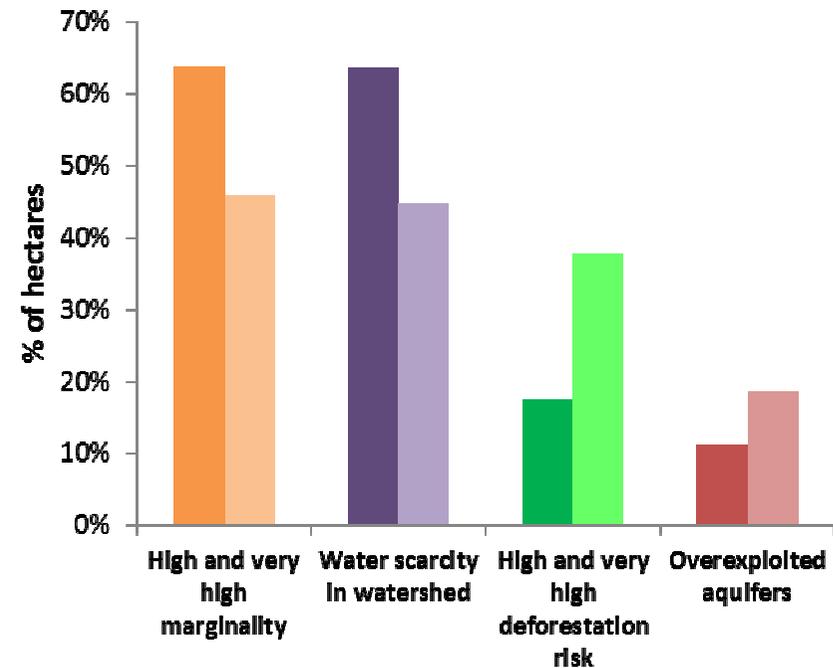
- 6-fold increase between 2003-2009
- 13% of National territory

- No clear parameters
- Subject to political pressures

Hectares in Elegibility Zones

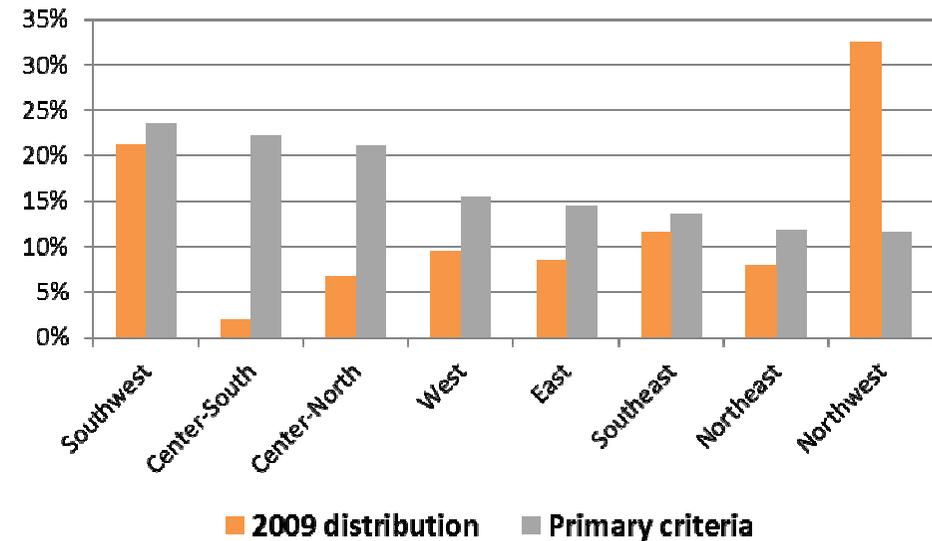
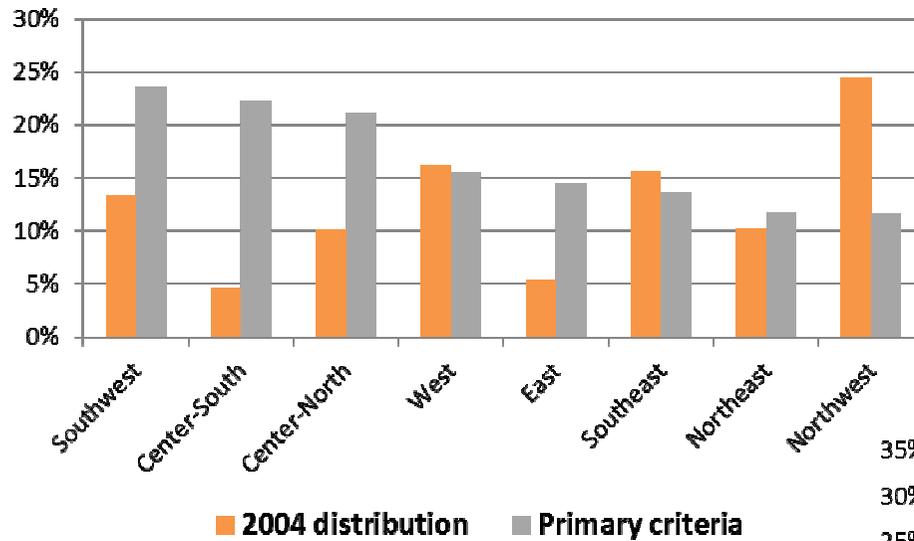


Elegibility zones and primary criteria



2. Targeting: Elegibility Zones

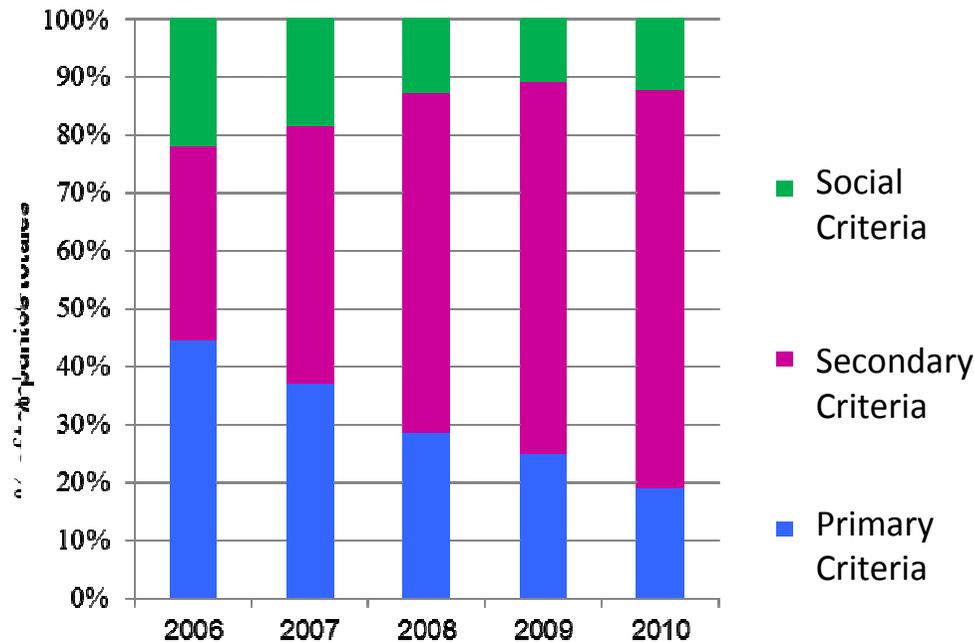
Elegibility Zones are not closely related to hidrological concerns or deforestation risk regionally



2. Targeting: Precedence system

Over time primary criteria have lost importance relative to administrative or secondary criteria

- The program operators have strived to generate complementarities with other government programs and to ease the administrative process.



- Selection criteria and total points have increased, making the process less effective.

	2006	2010
Criteria	9	26
Total points	45	106

Source: ProArbol Operation Rules

2. Targeting: Differentiated payments

Differentiated payments

Not based on actual opportunity costs

Not necessarily aligned with real deforestation risks



Type of forest	Deforestation risk				
	Very low	Low	Medium	High	Very high
Pine forest	30%	30%	25%	14%	2%
Pine-oak forest	26%	24%	23%	19%	8%
Oak forest and others	24%	20%	21%	22%	13%
Cloud forest	46%	29%	21%	4%	0%
Low tropical dry forest	10%	10%	17%	37%	27%
Tropical dry forest	5%	6%	11%	60%	18%
Subtropical moist broadleaf forest	7%	10%	15%	27%	41%