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Conservation Performance Payment Schemes: An Economic Incentive to Save the Declining State Forests in Developing Countries

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Abstract

Little is known about conservation performance payment schemes in state forests in developing countries. Kakamega forest is a biodiversity-rich remnant of tropical rain forest located in a densely populated area inhabited by poor farming communities that heavily utilise non-timber forest products from Kakamega forest. To contribute to the efforts geared towards conservation of this unique ecosystem this study conducted an experiment in Kakamega forest with the emphasis of linking the forest adjacent community to the state forest. Conservation performance payment auctions were held in two villages around Kakamega forest with the main aim of enrichment planting in the state forest using funds raised from payment of forest user rights by the community. The Dutch- descending simultaneous open auction was used to allocate planting sites to the households in the selected villages that boarder the forest. The lowest bidders were awarded the contract. Payment was divided into two parts (i) Sixty percent down payment at the start of the contract (ii) The remaining 40 % was paid after a period of five months basing on the conservation score. The planted site was evaluated by the community and state agency based on the conservation score parameters. At the same time the state agency planted their sites using fixed rate payment. The results show that there was cost saving of 47 % in the community planted site and high seedling survival rate of 87 %. (Kibiri forest station) and 68 % (Kakamega forest station) for the two villages compared to fixed rate planted site with high costs and low seedling survival of 48 % at Kibiri forest station and 58 % Kakamega forest station by the state agency. Involvement of individual households in forest conservation on competitive bases could be a viable option to save the declining state of state forests in developing countries.

Keywords: Cost-saving and economic incentives, conservation performance payment

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