

# A STUDY ON THE PROMOTION OF PAYMENTS FOR ECOSYSTEM SERVICES BY FIRMS IN JAPAN —IN CASE OF THE JAPANESE BREWERIES—

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## 1. PURPOSE OF STUDY

Payments for Ecosystem Services (PES) are one of the innovative financial mechanisms with high performance, and have attracted attention due to its advantage over traditional conservation approaches. In the case of Japan, there have been few studies on PES implementation and they go no further than case reports. The purpose of this study is to explain the importance of the private sector engagement, to analyze the current state of PES-like schemes by them and to elucidate the mechanisms by which they are more engaged in PES schemes in JAPAN.

## 2. PRECEDING STUDIES ON THE CONCEPT OF PES

Although Wunder (2005)'s five criteria are widely accepted, there are no agreed definition of PES and it causes some conceptual confusion. In the literature, Coase's theorem and other market based approaches are argued as rationale for PES, but they are not generalized in many cases in practice. The efficiency and effectiveness of PES schemes depend on additionality, leakage and conditionality based on monitoring.

## 3. IMPORTANCE OF PRIVATE SECTOR ENGAGEMENT IN PES

The private sector is 'the least engaged of all stakeholders' (CBD-COP8 Decision VIII/17) in conservation. Based on the Beneficiary Pays Principle, it is essential that private sector firms who most affect and depend on ES are engaged in PES schemes. Furthermore, PES has a great possibility to fulfill the Corporate Social Responsibility of contributing both to sustainable management of firms and to biodiversity conservation.

## 4. CURRENT STATUS OF PES-LIKE ACTIVITIES BY JAPANESE FIRMS

In order to devise policy recommendations on how to engage the private sector in PES, this study focused on the forest conservation activities for source water protection by Japanese breweries and clarified their current status through making use of the analytical framework by Wunder et al (2008). As a result of interview research, it became apparent that there exists a partnership system composed of mainly three actors including firms as service user, governmental organizations as intermediary, and forest cooperatives or other managers as service provider. The issues on additionality and continuity were also discussed in the research.

## 5. THE SUPPORT SYSTEM AMONG STAKEHOLDERS TOWARDS PRIVATE PES SCHEMES

In order to engage the private sector, it is necessary to enlighten their awareness of the linkage between their production activities and ecosystem services, to prepare information system necessary for practicing PES, to set up a baseline to assess PES additionality based on adaptive management, and to promote collaboration on an equal footing among stakeholders about the payment amount. Partnership building between multiple stakeholders is needed.

## REFERENCES

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