## Executive Summary

This report gives a brief understanding of the Payment for Ecosystem Services (PES) model, its importance and benefits in terms of judicious and optimal use of environmental services to stop their degradation and its profits to the human kind. The report is a literature review covering mainly case studies, survey reports, scientific and policy papers dealing with payment for environmental services.

The goal of the report is to include the study of the watershed management PES model implemented at Palampur in Himachal Pradesh, to highlight its benefits to all the stakeholders in the project; and to identify loop-holes and gaps in the implementation of the scheme and suggesting solutions to the problems and also recommending improvements.

Also exploring the potential of watershed management PES models in Himachal Pradesh and also in other parts of India is one of the goals of the report. For any PES model to be successful, the local community plays the most vital role, so creating awareness for the PES models, explaining its benefits to them is also an important task. The report also aims to open-up questions and discussions about the role of PES schemes in emphasizing benefits from ecosystems without degrading them.

**The report has been divided into four divisions:**

1. Understanding the concept of Payment for Ecosystem Services (PES) thoroughly and studying PES models implemented in other countries across the world.
2. Studying and surveying the watershed management PES project implemented at Palampur in Himachal Pradesh and suggesting solutions for problems identified in the survey.
3. Researching for other sites in Himachal Pradesh or across the country where watershed management project is required and studying its feasibility and scope.
4. Preparing a small working management model of PES to implement at Renuka in Himachal Pradesh.

**Recommendations for the PES implemented at Palampur:**

1. A book with proper format for the documentation of the proceedings of meeting of the VFDC needs to be prepared so that meeting minutes are properly maintained with attendance.
2. Audit book needs to be prepared to maintain the accounts of the transactions done by VFDC. The audit book should include receipts for all the transactions.
3. The incentive that is being deposited in the bank account of VFDS should be brought in use for the betterment of the village community. All the recommendations here aim at Capacity Building of the Panchayat and the VFDS through the incentive they get in the PES scheme.
4. The salary of the “Rakha” should be fixed and the money collected through fines should not be given as incentive so that he does not impose more fines than that of mentioned in the bye-laws.
5. It is necessary to organise talks or seminars focussing on the involvement of the youth from the community into the scheme or VFDS for the sustainability of the forest management plan.

**PES Management plans:**

1. The Jablog Spring Recharge Plan.
2. The Chapdhar Spring Recharge Plan.