

Effective provision of ecosystem services

Ecosystem services – such as drinking water, flood alleviation, pollinators and recreational space – are difficult to value in traditional economic terms, and in the past society has not been prepared to pay for the use of land toward these wider benefits.

Payment for ecosystem services (PES) is increasingly being used to encourage more sustainable land management. This is an approach which brings economic thinking and a market mechanism into the provision of natural resources, consisting of voluntary market-like transactions between buyers and sellers of ecosystem services.

PES schemes typically pay for the amount of ecosystem service that is delivered, but 'PES-like' schemes are also common – for example agri-environment programmes that pay farmers on the expected outcomes of their land management practices.

The paper *Payment for Ecosystem Services: what does it mean for the future of our environment?* has examined the current state of PES schemes, research findings on scheme effectiveness, and lessons for researchers, business and policymakers. The report was published by the Living with Environmental Change (LWEC), a research partnership which was part-funded by the ESRC.

The PES approach has the potential to offer benefits to a range of stakeholders. For society it can secure provision of ecosystem services into the future; for landowners it can lead to diversified income and opportunities to improve degraded land; for business it provides an opportunity to

enhance reputations and reduce costs; and for policymakers it offers private investment that can supplement public funding.

Key findings

- PES schemes can be more efficient if they are locally targeted and vary payments to match the costs of providing ecosystem services.
- Engaging local stakeholders early on can help to create the right conditions for PES schemes to develop.
- Local PES schemes benefit from being co-ordinated by an independent, trusted broker, such as a local conservation trust, social enterprise or farm adviser.
- Working at 'landscape scale' across ownership boundaries is essential to deliver certain ecosystem services – eg, related to water, biodiversity and climate regulation.
- Although landowners tend to favour short-term, less risky agreements, investors and government need to ensure that ecosystem services are secured for the long-term and not reversed, and that the most degraded or inaccessible sites are not excluded from the scheme.
- Future PES schemes, including public agri-environment schemes, need incentives to further encourage land managers who maintain high conservation standards, as well as compensating intensive producers for changing to less damaging practices or investing in improved infrastructure.

Policy relevance and implications

- Members of the policy community need to work closely with local/regional partnerships (eg, Nature Improvement Areas and Local Nature Partnerships in England and Wales), National Parks, Areas of Outstanding Natural Beauty and other designated areas, to test and scale up the design and delivery of PES schemes.
- There is a need for a programme of formal monitoring and evaluation of PES schemes, both private and public.
- Guidelines may be needed to ensure standardised approaches and co-ordination between schemes – particularly if there is a proliferation of guidance for different habitats and services. For example, it may be possible to develop a combined code for land-based carbon.
- For national PES schemes involving multiple buyers and sellers, mechanisms to monitor, audit and accredit schemes will need to be developed on a habitat-by-habitat (eg, woodlands and peatlands) or on a service-by-service basis (eg, guidance from Ofwat for water industry PES schemes).
- It may be necessary for agri-environment schemes to integrate (or co-ordinate) with private PES schemes, to ensure that funds are distributed evenly across geographic areas and different types and sizes of landholding.
- Public funding may need to increasingly target services that are harder to bring to market, and locations that are more expensive to restore.



BRIEF DESCRIPTION OF THE PROJECT

The LWEC Policy and Practice Note *Payment for Ecosystem Services: what does it mean for the future of our environment?* examines the current state of payment for ecosystem services (PES) schemes, and the potential for natural resource management. Many of the findings came through the Rural Economy and Land Use programme, part-funded by the ESRC.

Mark Reed: *Payment for Ecosystem Services: what does it mean for the future of our environment?*
Web: www.lwec.org.uk/resources/policy-and-practice-notes

FOR MORE INFORMATION

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Living with Environmental Change (LWEC) is a multi-agency partnership aiming to provide decision-makers in government, business and society with knowledge and tools to mitigate and adapt to environmental change. LWEC has been part-funded by the ESRC.
Web: www.lwec.org.uk

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The views expressed in this evidence briefing are those of the authors and not necessarily those of the ESRC.

Working across ownership boundaries is essential to deliver ecosystem services related to water, biodiversity and climate regulation.