



Payments for Ecosystem Services From Agricultural Landscapes

FAO Agricultural Development Economics Division- ESA

Making Sure the Rural Poor Benefit

Agricultural ecosystems sustain human life. They supply food and drinking water, maintain a library of genetic resources, preserve and regenerate soils, fix nitrogen and carbon, recycle nutrients, control floods, filter pollutants, pollinate crops and provide livelihoods for over half of the world's population, and for about three quarters of the World's poorest. Despite the importance of these services, ecosystems are being challenged as never before by the combined effects of population pressure, rapid economic growth, the demands of greater global integration and climate change.

In response, we have recently seen increasing recognition of the importance of adopting ecosystem management practices that can generate global or regional environmental goods and services. These services are provided mostly through the agricultural, forestry, land and water use decisions made by farmers, fishermen and forest dwellers. Payments or other forms of support may be channelled to these communities in return for the environmental services they can provide. It is through this mechanism that benefits could/will be generated in the form of additional income and improved food security as well as protection and enhancement of global and regional ecosystems, enabling and enhancing environmental goods and services.

Setting up one of these compensation mechanisms can be a lengthy process, requiring institutional change, extensive negotiations and substantial start-up funding, all of which are greater obstacles for poorer groups, generally with less access to information, negotiation channels and finance options. It is in this context that the PESAL project is working to improve capacity for the poor in accessing and capturing the PES potential for poverty alleviation.

The project conducts studies on the potential sources of payments for such services with focus on the agricultural sector (Agro-PES) and explores types of mechanisms and programmes which may facilitate the poverty reduction benefits. Lessons learned and sharing of experiences will be facilitated through a new FAO PES dedicated website. Ultimately, the project aspires to influence emerging regulatory frameworks for PES to facilitate the participation of the rural poor.



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Project objectives

- Identify when and how Agro-PES may improve environmental quality and benefit the livelihoods of the rural poor
- Develop tools and information for policy-makers and technical staff on designing PES schemes that can reach the poor and contribute to poverty alleviation
- Improve collaboration and coordination between strategic institutions involved in PES work, particularly within FAO and with external partners like Forest Trends, WWF and EcoAgriculture partners
- Facilitate links between providers, users and potential facilitators, aiming at supporting the participation of more vulnerable groups

Main project activities and outputs

Publish a set of reports on the potential willingness to pay for PES:

- The current state of demand and willingness to pay for ecosystem services from poor agricultural and rural populations, from the private sector
- GEF experience with PES and future role of the approach
- Potential for PES to channel effective investment in drinking water quality
- Scope and economic modalities for linking rural poverty reduction with PES.

Launch a new website on PES and Agriculture:

- to disseminate information on the potential of agriculture to provide environmental services
- to provide guidelines on how to set up a PES scheme that can contribute to reduce rural poverty
- to facilitate links between practitioners, prospective providers and users, and possible facilitators of information, technical assistance and finance
- to pool information on ongoing PES initiatives from agriculture activities

Organise a workshop in East Africa

- to discuss potential for PES to support the provision of ecosystem services and improve rural livelihoods
- conduct a field assessment of market potentials for PES applying a tool developed by EP-TerrAfrica-Katoomba Group for integrated market assessment.



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