

# Science for Environment Policy

## Factors for success in 'Payment for Ecosystem Services' schemes

**New research aimed to identify the factors that lead to the success of Payment for Ecosystem Services (PES) schemes.** The study analysed 40 different schemes in Latin America to identify factors related to success. The researchers identified four such factors, which could inform policy and aid decision makers in designing PES initiatives with increased chances of success.

**The need to promote the conservation of natural resources and ecosystems has led to the development of Payment for Ecosystem Services (PES) schemes.** PES schemes set up payments or other incentives to [farmers](#) or landowners in exchange for managing their land in particular ways, or for providing or maintaining ecosystem services. The basic idea is that those who benefit from ecosystem services compensate farmers or landowners for their stewardship. For example, a town might pay an upstream farmer to improve their waste management practices to prevent pollution of the town's water source 'downstream'.

Hundreds of PES schemes have been and are being implemented around the world, covering a variety of ecosystem services. While some research has been performed to evaluate PES schemes, the area of Latin America — a region that pioneered PES — has not yet been comprehensively examined.

This research, part funded by the EU ROBIN project<sup>1</sup>, analysed 40 examples of PES schemes in Latin America to determine elements shared by successful schemes. Success was measured based on the extent to which the original goals of a scheme were met as well as improvements (if any) to the ecological, economic and social conditions of a region beyond the intended goals.

Of the 40 cases, 23 were classed as successful, 12 as partially successful, and five as not successful. Sixty percent of cases were implemented at local scale, 30% at regional and 10% at national scale. In terms of funding, 65% of cases were funded for over 30 years, 10% between 10 and 30 years and 25% for less than 10 years.

The researchers looked for patterns linked to success in the design and implementation of these schemes, identifying four main characteristics of successful PES schemes.

Firstly, the **combination of livelihood improvement with the provision of a critical resource** (such as [water](#)) was an important driver of a scheme's success.

Secondly, **local and regional schemes operating within a period from 10 to 30 years** were more effective than national and shorter term schemes. A longer time frame is important for establishing sustainable management regimes; maintaining [biodiversity](#); and developing local actors, organisational structures and [land use](#) tenure and rights to foster behaviour change, the researchers say. Although there were not enough cases to understand the influence of national-scale PES schemes, local- and regional- scale schemes allowed communities to identify with intermediaries, and enabled joint monitoring of costs and benefits.

*Continued on next page.*



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Thirdly, **payment via non-monetary goods and services**, such as building materials or education, were preferable to direct cash payments. Such alternative payments help to avoid corruption and unfair distribution of benefits, the authors say, thereby decreasing the likelihood of failure.

Fourth, successful PES schemes generally mostly involved **private organisations** (including NGOs). Schemes without intermediaries between 'buyer' and 'seller' tended to be more successful — though this was related to the lack of trust for actors estranged from the local context.

While the factors related to the failure of PES schemes were beyond the scope of this research, the authors did highlight several examples: a lack of improvement to local livelihoods, unfair distribution of benefits, and schemes which threatened existing power structures or land rights arrangements.

The researchers hope the analysis will provide insights to inform policy and help decision makers to better design PES initiatives in the future. They also say that synergies between PES schemes and development projects aimed at poverty eradication should be further explored — as well as efforts to understand how PES schemes might contribute to the [UN Sustainable Development Goals](#) agenda.

