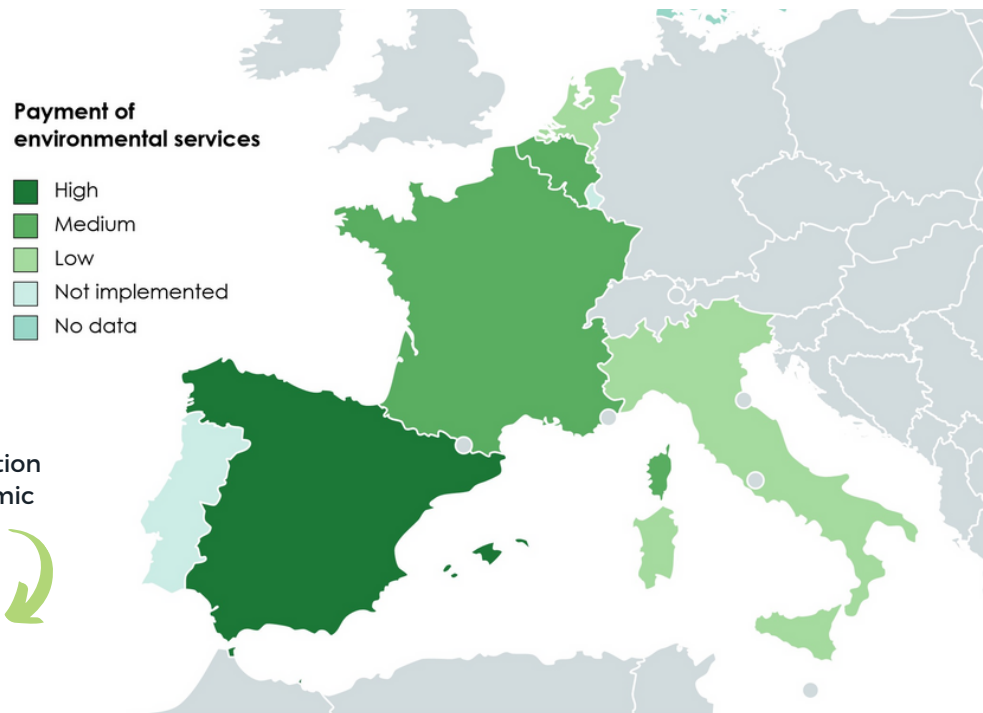




DESCRIPTION OF THE INSTRUMENT

Mechanism designed to encourage the contributions of natural ecosystems in providing benefits to human societies. In PES schemes, **conditional payments** are offered to those who **actively contribute to the provision and maintenance of ecosystem services (ES)**. For instance, **water users** may be incentivized to adopt sustainable practices that protect water sources and enhance water quality. These payments **can originate from diverse sources**, such as government funding, private entities, or utilities.

MAP SHOWING THE LEVEL OF IMPLEMENTATION



More information
on the economic
instrument



CONTRIBUTION TO GOVERNANCE

- **Investment leverage:** Promote sustainable practices through economic opportunities and incentives.
- **Sustainability of water systems**
- **equitable water governance support:** Facilitates stakeholder negotiations and agreements on ecosystem service utilisation and compensation

BARRIERS OR CHALLENGES FOR IMPLEMENTATION

- Inadequate funding (budgetary constraints)
- Unclear property rights
- Limited technical capacity to implement these programs
- Transaction costs: Fees and costs associated with buying & selling ES
- Lack of political support
- Resistance from landowners
- Willingness to pay among potential buyers (fairness)
- Crowding-out of intrinsic motivations to protect ecosystems
- Infringement of the polluter-pays principle: Insufficient pricing mechanisms that fail to accurately reflect the true cost of environmental damage

PATHWAYS FOR IMPLEMENTATION

- Establishment a well-defined legal framework
- Establishment of payment mechanisms
- Establishment of contracts and agreements defining property rights, with a clear understanding of who is selling and buying
- Understanding the objectives and financial capabilities of buyers & sellers
- Establishment of a robust system for monitoring and evaluation
- Identification of adequate funding and payment mechanisms based on performance
- Stakeholder engagement



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