



POLICY BRIEF

How to apply **MECHANISMS TO PAY FOR ECOSYSTEM SERVICES** at local and regional level

PB#3 in short: Payment for ecosystem services (PES) are **mechanisms at local and regional level**, with the overall objective of **diversifying financial sources for nature** management, by integrating ecosystem service provision into the economy.

Context and challenge

Every day, economic and business decisions are made based on financial approaches which do not reflect trends in environmental quality or degradation. Nature and landscapes are made of valuable assets that need to be maintained and managed. These assets are known as ecosystem services (ES), which are **goods and services provided by nature at no direct cost** upon which human welfare depends. And, as in business, if investments are not made in assets, they will depreciate over time. The **natural capital approach** involves measuring and

valuing natural capital assets. Values can help reveal how natural capital is delivering important benefits to society and the economy.

To finance ecosystem services and ensure natural capital, decision makers and other regional and local stakeholders must design and implement **Payment for Ecosystem Services** (PES). These can be structural funds dedicated to the conservation of biodiversity and maintaining nature's capacity to deliver the goods and services that we all need. PES can also include incentives for the area's economic development.

PROGRESS in practice – Exemplary tools by examples

PROGRESS identified examples which are direct solutions to the lack of financial sources for ES:

[NCI](#) is a not-for-profit organisation leading the conversation on natural capital in Ireland, where it is the main driver and promoter of awareness and capacity building for natural capital accounting. NCI is doing this by promoting the adoption of natural capital concepts in public policy and corporate strategy, supporting informed public and private sector decision-making, and assisting in the establishment of a national natural capital accounting standard. The [NCI Strategic Plan for 2021-2023](#) provides an example roadmap of how the work of such an organisation might be progressed into the future.

GOOD PRACTICE 1: Natural Capital Ireland (NCI)



Image: [Introduction to Natural Capital Video NCI](#).

GOOD PRACTICE 2:

Protecting Farmland Pollinators (Ireland)

This project consists of working with farmers to roll-out a whole farm pollinator scoring system and identifying which management practices on Irish farmland benefit pollinators. In the long term, this score will help farmers to understand how pollinator-friendly their farm is, and identify which simple, low-cost actions they can take to work towards improving their score in ways that do not negatively affect productivity. The participating farmers receive an annual payment in accordance with their overall farm pollinator score, which is calculated based on the quantity and quality of pollinator-friendly habitat on the farm. For successful transfer, the results-based approach of the Protecting Farmland Pollinators project



needs to be supported by the farmer and the Project Team. Farmer training is provided to offer advice on pollinator-friendly farm management and on how to score the farm.

GOOD PRACTICE 3: Community supported agriculture (CSA) business model in Hungary

The CSA model connects the producer and the consumers directly in the food system, by allowing the consumer to subscribe to the harvest of the pesticide-free and organic farm. It is an alternative socioeconomic model of agriculture and food distribution that enables the producer and the consumer to share the farming risk. This crop-sharing system is beneficial for farmers because it provides them with a stable financial background, while customers join a transparent, sustainable network. The back-up gardens ensure that subscribers get their expected, regular boxes. The model aligns with the Farm to Fork Strategy of the EU aiming to make food system fair, healthy and environmentally friendly.

This business model can be easily applied in other regions as no special tools or highly specialized knowledge is required. Key elements are transparency and appropriate marketing, and cooperation between farmers and trained economists identifying demand, solvency, providing management for farmers and for logistics.



MyFarmHarta



Visit **PROGRESS website** for further information and other good practices (Handbook 3, GP descriptions, GP videos, presentations, and recordings of thematic workshops).

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What is Interreg PROGRESS?

Interreg Europe PROGRESS - PROMoting the Governance of Regional Ecosystem Services aims to initiate a process of policy change towards the conservation of biodiversity and the maintenance of nature's capacity to deliver the goods and services that we all need.

Project partners: National Association of Italian Municipalities Tuscany (ANCI Toscana), Coordinator, Italy; CREAM (Ecology Research and Forestry Applications Centre), Catalonia-Spain; Eastern and Midlands Regional Assembly, Ireland; Riga Technical University, Latvia; Tolna County Development Agency, Hungary; University of Craiova, Romania.

PROGRESS "How to" recommendations

- 1 The PES design should be self-sufficient, sustainable and financially independent.
- 2 Produce and share resources to support the adoption of natural capital concepts in public policy and corporate strategy, as does the [NCI](#) example.
- 3 Raise awareness of natural capital with key stakeholders, relevant groups and the public. Work also with local businesses to adopt the natural capital approach, to inform their clients of their own strategies and decision-making.
- 4 Regularly review indicators and associated measures. New data will allow the inclusion of specific measures identified as being the most effective in enhancing ES, and the most cost-effective.
- 5 Engage economy, business, marketing, non-profits, environmental scientists and other experts to achieve a high-quality yield as well as high visibility.
- 6 Create a platform to allow individuals and organisations (companies, schools, local business, associations) to contribute to PES, as an easy way to donate and help ecosystems. Follow the example of [MyForest](#) Community Forests Foundation and publish yearly accounts which describe incomes and expenses, to ensure transparency.