

## PAYMENT FOR ECOSYSTEM SERVICES (PES), WHO SHOULD PAY THE BILL?

Society has long valued the ecosystem services provided by nature and increasingly recognizes that landscapes where management practices result in positive ecological outcomes are vital public goods. This includes clean water, biodiversity, and carbon sequestration.

While good for the planet, implementation of practices that produce public goods are at odds with increased profitability and may require ongoing spending to maintain the management practices. The question becomes, who should pay for these ecosystem services and how?

To advance discussions on payment for ecosystem services (PES), the Simpson Centre for Food and Agricultural Policy hosted a virtual roundtable with stakeholders from the agriculture, conservation, and government sectors in southern Alberta.

Objectives included developing a holistic understanding of the PES landscape, fostering collaboration among stakeholders, disseminating information to align stakeholder activities, and enabling alternative approaches to PES. An environmental scan identified five PES program categories: implementation support, annual payments, conservation easements, research support, and tax or conservation incentives (Fig. 1).

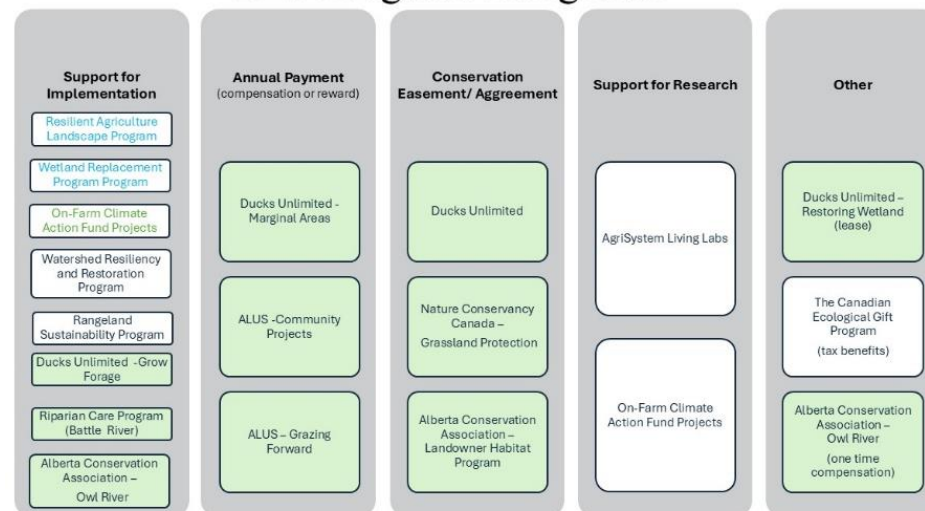
Stakeholders identified several strengths of Alberta’s PES programs; diverse private and public funding sources, strong collaboration fostered by programs like ALUS; and programs that address regional needs, increasing producer trust. These initiatives provide clear financial incentives for landowners, address externalities like carbon sequestration and water retention while fostering long-term conservation outcomes.

Weaknesses include inconsistent government funding, a lack of recognition for early adopters of sustainable practices and limited outcome verification, with a focus on implementation over measurable ecological benefits. Program duplication across organizations also raises concerns about inefficiency, though the regional focus of many initiatives can justify some overlap.

Opportunities for improvement include enhancing collaboration among organizations to amplify impact, developing innovative funding models that support aggregation and

scalability, and using Alberta’s programs as a national PES model. Threats to the effectiveness of PES initiatives include economic pressures, budget constraints, policy misalignments, and excessive bureaucracy.

Figure 1: PES Program Categories



Policy recommendations emphasize the importance of stabilizing funding through long-term mechanisms to ensure continuity and build trust among producers. Additionally, it is crucial to recognize early adopters through compensation and to prioritize outcome-based metrics alongside the adoption of best management practices.

Streamlining programs through collaboration while maintaining regional adaptability and promoting scalable PES projects can also enhance cost-effectiveness and ecological outcomes.

The roundtable emphasized PES’s potential to foster sustainable agriculture while addressing ecological and economic challenges. Alberta can strengthen its leadership by prioritizing collaboration, outcome-based verification, and innovative funding models. Ongoing discussions and policy adjustments will be crucial to achieving these goals.