

Brief Definitions

Payments for Environmental Services (PES)

Ecosystem conditions determine environmental and human well-being. Nevertheless, ecosystem services have been exploited in an unsustainable way mainly because such services are generally considered to be free to use (i.e., a common pool resource). Since their common good value is not priced in market transactions there are no incentives for the sustainable management of environmental services. The concept of Payments for Environmental Services (PES) aims to address this sort of market failure by encouraging affluent beneficiaries of environmental services (ES) and owners of ecologically valuable resources to participate in a voluntary agreement that is based on a quid pro quo bargain in which the beneficiary acts as a buyer and the land owner as a seller of environmental services. In other words, the land owner is paid to adopt practices that ensure the desired sustainable provision of environmental services.



Remuneration of Positive Externalities (RPE)

The narrow definition of PES has often been abandoned in favor of a more broad definition of services (that also include social benefits such as rural employment and income generation, community cohesion, avoidance of rural migration) including different types of incentive schemes for the remuneration of positive externalities in agriculture. The Remuneration of Positive Externalities (RPE) in agriculture can be considered as PES with specific and additional investment in socio-economic co-benefits. Although RPE is not primarily a tool for poverty reduction per se, it is possible (and increasingly encouraged) to design such programmes to have a positive impact on poverty reduction.

Towards a Green Economy

The 'green economy' has emerged as an attempt to build a unified economic framework comprising a suite of economic policies that are consistent with environmental considerations. It relies upon macro-economic analysis, or labor theory, social analysis and institutional analysis. Different elements of the green economy package have different implications for poverty eradication and sustainable development.