

## Private Sector Innovations to Produce and Sell Environmental Services in Agriculture

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### ABSTRACT

The world's ecosystems are the key sources of products and services for human livelihood and development. Their ability to support a huge (almost infinite) variety of organisms is a treasure that must be valued and sustained, lest the ecosystems collapse and with it, our livelihoods. The burgeoning human population is not only exerting pressure on practically all ecosystems, it is also replacing some of them with less complex and often unsustainable anthropogenic subsystems: Pushing for greater productivity and profitability in agriculture, forestry, livestock, fisheries typify the trend to catch up with huge demands for fuel, food and fibre. The immediate consequences are loss of biodiversity, elimination of important biological processes, water pollution and exposure of large areas of the landscape to degradation. A long-term projection of the consequences is the reduction of the ecosystems' ability to sustain livelihood and development. There is also a threat on the **quality** of livelihoods.

Our so-called human development index (HDI) conveniently (perhaps also selfishly) refers to only *Homo sapiens*, ignoring the hundreds of thousands of other living creatures, whose lives could hold the future success of man. It is tempting to suggest that an Ecosystems Development Index (EDI) would be more germane. In a greedy world, it is unlikely for such an index to be enforced beyond the academic boundaries! This is because the global race for the ever decreasing natural resources is growing rapidly and spawning social conflicts in countries endowed with them. So we must find a much easier and practical solution to improved ecosystem management.

Why are we in such a trap? The response is deceptively simple: Because we have not been paying the full cost of our livelihood and development. What we label and call profits contain a lot of the hidden costs of 'mining' earth's ecosystems. Part of the problem lies in our failure to assign real values to environmental services and thereby monetize them. Many years of this form of negligence have hardened global economic systems in the world and it is now a struggle to introduce change.

The time has come for us to fully account for the environmental costs in all agricultural production, harvesting, transportation, processing and marketing. In all our books of accounts the environmental costs should appear. A common reporting protocol is required. The second step is to make it possible for everyone to generate and sell environmental services. This is where the private sector can also show leadership. But for this to happen we need tools to measure and put prices on such services, much like we do for all other commodities. As the consumers are all living creatures (no just *Homo sapiens*), there is no doubt that the public will have to bear a good chunk of the costs. So how about some of our taxes going to pay for privately produced environmental services? The bigger the bill, the greater will be the need for the public sector to create the necessary policies, incentives, institutions and frameworks for all of us to participate in enhancing environmental service provision.

So what private sector innovations are necessary to achieve the desired outcomes?

- I already mentioned in the preceding paragraph the need for enabling policy and institutional frameworks.
- Next, we must recognize that the profit motive as a driver of the private sector must stay – otherwise they would not be interested! What we are buying from the private sector is effectiveness and efficiency to deliver the right ESS in the right places and in good time to overcome negative impacts.
- This implies time-bound services on very specific landscapes and defined social systems.
- The arrangements must be long-term, thereby ensuring sustainability
- A fair bargaining environment: This is crucial. Current mechanisms to sell ES, especially Carbon are one-sided. The buyers alone are determining the price! It makes nonsense to produce a ton of Carbon and sell it for just USD 5 when the same can fetch over \$100 as charcoal and even much more as other wood products.
- Simple, clear and inexpensive tools for benchmarking and assessing progress: Current MRV tools are far too expensive and time wasting that they are not worth the effort!

Agriculture produces an estimated 20% of all greenhouse gases. In this treatise, the involvement of the private sector is in the mitigation and GSG production as well as in repairing the damage by generating and selling desirable environmental services. This should not be understood as a panacea but it is a keystone action in giving a fair weighting to environmental services.

**Note:** We define private sector to include a variety of levels from the small holder farmer managing just a few hectares of land to the global corporate bodies like those producing and marketing seeds, agrochemicals, cereals, timber etc.

**As we extract our livelihood from Ecosystems  
we accelerate our perils; unless we take  
action to rejuvenate them!**