

*CIELAP's 4<sup>th</sup> Partnering for Sustainability Workshop*  
*Achieving Resilient Agricultural Systems: Innovation, People and Partnerships*  
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## **Case Study: Huron Payment for Ecological Goods and Services Pilot Project**

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### **About the case study**

The Huron Payment for Ecological Goods and Services pilot project invited farmers to submit proposals to retire land along riparian corridors. Projects were evaluated according to ecological benefit, accessibility as a demonstration site, farmer's necessity for replacement income in order to finance land retirement. Farmers who were successful entered into five year contracts and are being paid \$250 per acre per year for the duration of the contract. The Huron PEGS considered the cost to farmers for retiring land based on land rental value in the County to inform the payment. The maximum allowable area per project was ten acres.

Four landowners entered into 5 year contracts beginning 2008 and ending in 2013.

This \$50,000 pilot project involved Ausable Bayfield Conservation Authority, Maitland Valley Conservation Authority, Huron Stewardship Council, Ministry of Natural Resources and the Huron County Planning Department.

### **How this case study advances sustainable development and fosters resilience**

Sustainability invites us to marry environmental, social and economic objectives. The concept of sustainability challenges us to think outside the box and pursue non-traditional program directions and unique partnerships. Payment for Ecological Goods and Services (PEGS) has recently entered the rural Ontario landscape as an example of sustainability in practice. The valuation of ecological systems as natural capital links economic and ecological systems.

The Huron PEGS model involves identifying a market value for natural heritage features, and paying rural landowners, usually farmers, for protecting these features on their land. Stewardship practitioners enter from an ecological perspective and consider PEGS an opportunity to target sensitive areas for protection while economists are creating models for determining market values for natural assets (such as the value of a fishery to a tourist economy). Farmers who have been unable or reluctant to convert productive farm land to unprofitable natural areas are provided with an additional motivation for considering ecological restoration projects.

Resilience is the ability of a system to handle disturbances without influencing the functioning of the system. Providing farmers with an income for retiring land along riparian corridors fosters resilience of the farm by providing an additional income source. Developing economic opportunities around natural capital builds resilience of local economies. Enhancing ecosystems along riparian corridors builds watershed resilience.

## **Barriers / Challenges**

- The Huron PEGS pilot is an expensive model, and relying on grant dollars for the annual payments is cost prohibitive
- There is a possible negative impact on programs which fund BMPs because the agricultural community may become reluctant to participate if lost opportunity cost is not financially recognized
- Farmers who have been participating in land stewardship activities may be disillusioned if late comers have greater opportunities for financial rewards

## **Interesting Lessons**

- Existing programs such as the Managed Forest Tax Incentive Program pay landowners for protecting ecosystems. In the case of MFTIP property tax for managed forests is reduced.
- Huron considered the evolving carbon offset market as a possible revenue source for PEGS. It does not seem appropriate for retiring fragile land, as it is difficult to measure carbon offsets provided by tree-planting projects, and tree planting is not necessarily permanent. Trees can be removed. Carbon credits may work for other programs such as anaerobic digesters.
- There is a high level of stakeholder endorsement from both local agencies, landowners and the farm community for this type of program.
- The model might be appropriate for protecting existing natural areas identified for development.

## **Moving Forward**

- Watershed Planning exercises may provide an opportunity to use PEGS type tools along with land use planning tools and conservation easements for protecting natural heritage features
- Source Protection wellhead protection areas could use PEGS type tools
- Additional research is exploring possibility of using carbon credit markets to fund anaerobic digesters (Carbon credits are considered a PEGS type approach—integrating environmental and economic systems).

## **Remaining Comments and Questions**

There seems to be (at least) two different approaches to Ecological Goods and Services.

- Ecological Goods and Services efforts informed by environmental economists focus on valuing natural capital resources. For example, what is the recreational value of a river? This information can then be used to inform management decisions. This approach seems to provide a more accurate valuation, and has longer term policy implications.
- Ecological Goods and Services efforts informed by stewardship practitioners focus on land stewardship activities and program delivery. In the Huron example, valuation of ecological services was not considered, instead lost opportunity cost (agricultural land rental value) was used.

It would be helpful to consider the long term economic, social, ecological implications of these different approaches. There may be other approaches that should be discussed as well.