

## Abstract<sup>1</sup>

The objective of this study is to assess the development of environmental services market in Indonesia through literature review of projects and researches related to environmental services market in Indonesia. The assessment follows the framework of environmental services typology developed by Noordwijk et al (2003). The focus of the assessment is to identify seller of ES, buyer of ES, payment/reward of ES and its mechanisms, intermediaries, as well as its supporters and obstructers. We also assess the development stage of the ES markets since it can be varied in each project/site and probably most of the market is in its early stage.

By documenting the development of environmental services market, it will help concerned stakeholders to understand the stage of development of the markets of environmental services in Indonesia, and to identify possible gaps in our knowledge in recognizing the potential markets of environmental services and developing transfers mechanisms to the providers.

The review reveals that the development of environmental services in Indonesia is still in its early stage. However, there are many initiative/ emerging projects and researches related to the development of market of environmental services. Meanwhile, each ES (watershed function, carbon, biodiversity and landscape beauty) shows different level of its market development stage. We found that environmental services market for landscape beauty is relatively more progressive.