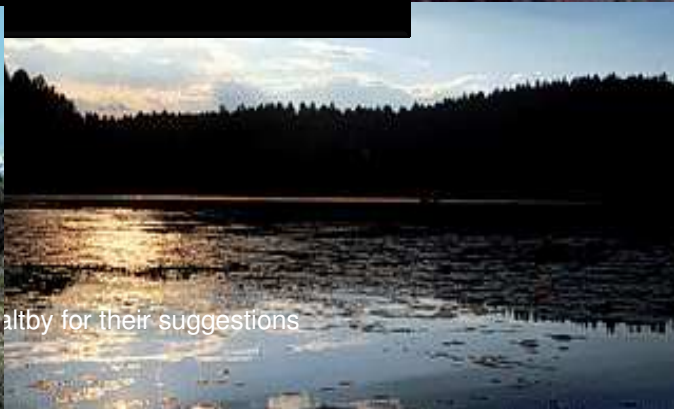
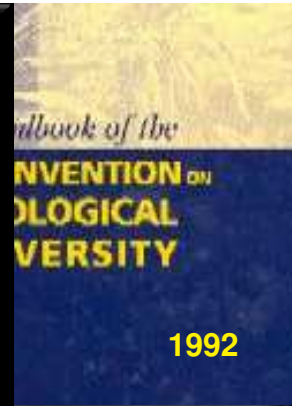
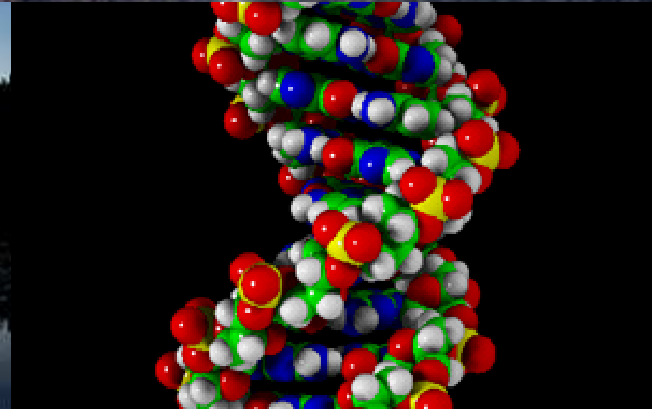


# What types of biodiversity benefits should be prioritised in an economic assessment

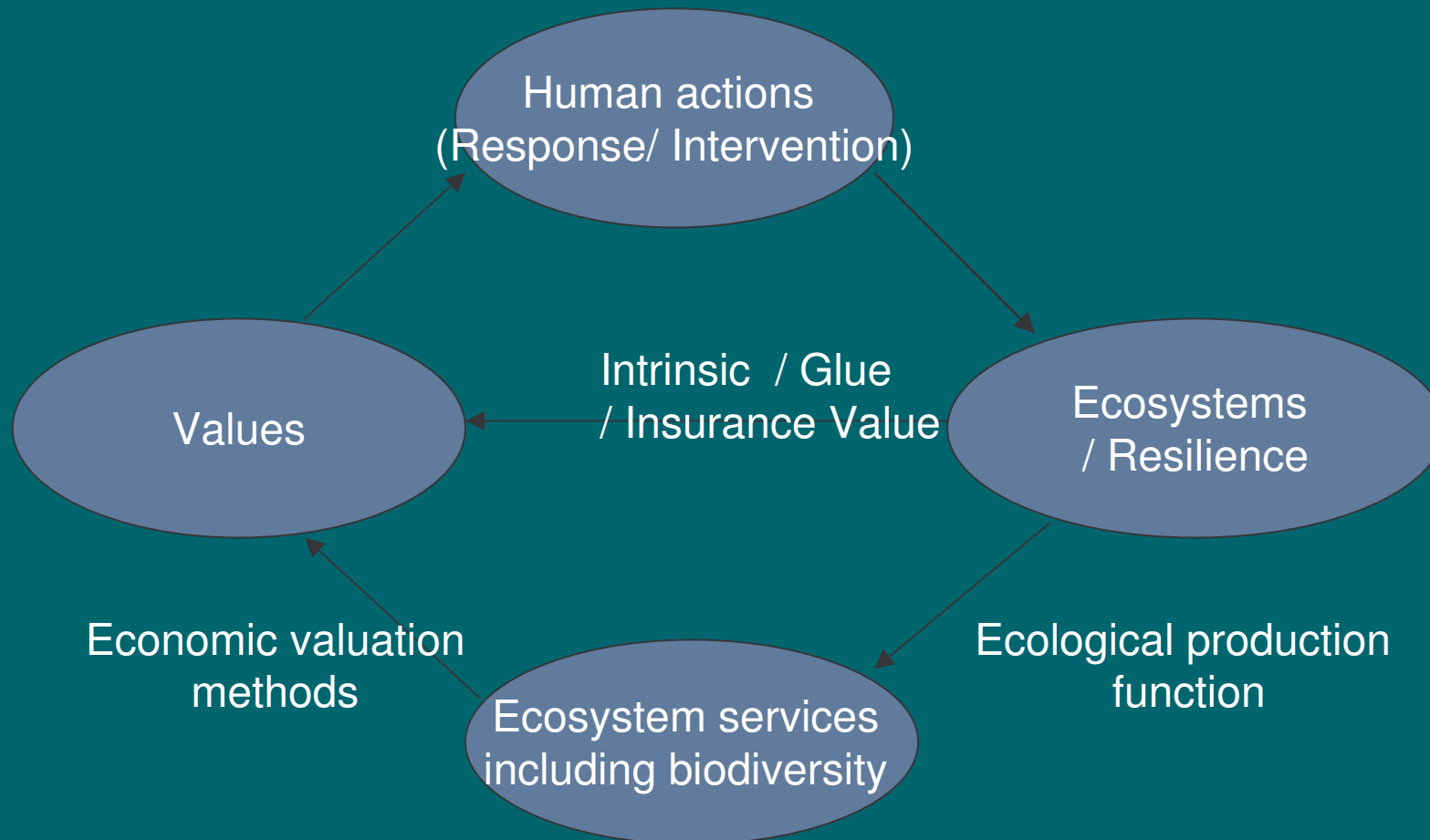
**Session Leader** : Pushpam Kumar  
**Moderator** : Paulo Nunes  
**Rapporteur** : Aline Chlabal



Thank you for their suggestions



# Economic Valuation in Response Policy Framework



- **What we know now (COP9 and COP10)**
- **Valuation of ecosystem services rather biodiversity, should be the preferred approach**
- **Valuation of provisioning services (food fibre etc) are easily doable and number of studies and necessary data exist but effort should be more on regulating and cultural services.**
- **Economic Valuation of biodiversity / ecosystem services must be done with a purpose- CBA, Accounting, Payment, Evaluation of action /inaction etc ..**
- **Economic valuation can capture the benefits of biodiversity at various levels but variety at species level might be more convincing for the decision makers**

## **Contd..**

- e. Valuation of ecosystem services must be associated with the condition /state (BAU / Alternate Scenario)**
- f. Many costs associated with changes in biodiversity may be slow to become apparent, may be apparent only at some distance from where biodiversity was changed, or may involve thresholds or changes in stability that are difficult to measure.**
- g. Losses in biodiversity are more difficult to value, many decisions continue to be made in the absence of a detailed analysis of the full costs, risks, and benefits.**
- h. Valuation of ecosystem services has to be context specific, ecosystem specific and guided by the perception of beneficiaries**

## Contd...

- i. Total valuation evaluates the biodiversity in total while marginality valuation evaluates the incremental changes in benefits of biodiversity as a consequent of measured pressure on it.**
- j. More and more focus should be on the valuation of marginal changes rather the value of 'total' biodiversity (Do remember flagship, keystone species, Threshold effect, resilience and non-linearity)**
- k. Uncertainty is one of the key challenges in valuation of biodiversity and therefore a sensitivity analysis would be liked by the decision makers.**

- I. Participatory exercises such as representativeness of the sample, broad based participation, and embedding outcomes in the politically accepted institutional processes would enable the valuation more authentic and acceptable to the decision makers**
  
- m. Valuation has the potential to clear the clouds of conflicting choices in terms of political, social and economic constituencies of the policies but it might not be the panacea.**

# Useful Approach to Valuation

- The consumptive benefits should be valued based on consumer's preference, demand and location
- The productive benefits can be valued by following maintenance cost approach/ restoration cost approach / Replacement Cost / cost of shadow project approach
- Replacement Cost Approach should only be used if
  - Human engineered system (HES) provide the same quantity and quality of services
  - HES is the least cost option and
  - Aggregates of individuals would be willing to incur those cost

IV. In the context of green accounting however, maintenance cost approach proves to be quite useful

## **2. Short Term priorities for review and research in the next two years**

- More evidence base for relationship of ecosystem and ecosystem services (localised SGAs)**
- How much biodiversity do we need to maintain the given ecosystem services?**
- Designing criteria and guidance for transfer of estimates for ecosystem services (e. g. Per Ha Value of Carbon, Bioprospecting and Water-flow) of different types of forest**
- Greater attention to valuation of regulating services like nutrient cycling and bioremediation by wetlands, flood damage reduction for forest, storm protection services by coastal mangroves**
- Identifying the thresholds, point of non linearity and resilience for variety of ecosystems**