




Issues around valuation of ecosystem services: a New Economics perspective

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MSEProject - NEF Briefings on project appraisal and evaluation techniques



Publications

Economics in policy-making - briefings

- Briefing 1 - An overview of economics
- Briefing 2 - How economics is used in government decision-making
- Briefing 3 - Valuing the environment in economic terms
- Briefing 4 - Social cost-benefit analysis and social return on investment
- Briefing 5 - Discounting and time preferences
- Briefing 6 - Multi-criteria analysis
- Briefing 7 - Beyond GDP: Valuing what matters and measuring natural capital
- Briefing 8 - Markets, market failure and regulation
- Briefing 9a - Finance and money: the basics
- Briefing 9b - What's wrong with our financial system?
- Briefing 10 - Property rights and ownership models
- Briefing 11 - Behavioural economics - dispelling the myths

<http://www.neweconomics.org/publications/entry/economics-in-policy-making>

What has the Thames ever done for us?



FEATURE: ECOSYSTEMSERVICES

The value of the natural environment to society (Stewart-Baker)

Provisioning	At least 100,000 tonnes of fish and shellfish are consumed in the UK every year.
Regulating	At least 100,000 tonnes of fish and shellfish are consumed in the UK every year.
Supporting	At least 100,000 tonnes of fish and shellfish are consumed in the UK every year.
Cultural	At least 100,000 tonnes of fish and shellfish are consumed in the UK every year.
Other	At least 100,000 tonnes of fish and shellfish are consumed in the UK every year.

What has the Thames ever done for us?

12 TALK/THAMES

Ecosystem Services

- Provisioning services: fish and shellfish in the case of the Thames – Beneficiaries: fishing communities in Kent & Essex
- Regulating services: water purification, air quality maintenance and climate regulation, the Thames estuary plays a key part on those services. Beneficiaries: Londoners and global..

Ecosystem Services (Contd.)

- Cultural services: nonmaterial benefits from our interaction with the natural environment such as education and wellbeing, the Thames provides a sense of history, a place to learn and to enjoy the river. Beneficiaries: Londoners, visitors, school groups, tourists...
- Supporting services: water and nutrient cycling services, which are also key features of rivers and estuaries such as the Thames. Beneficiaries: Everyone.

Issues to be aware of...



Can we make nature fit the model?

Nature doesn't fit into our current decision making systems.

- Ecological system > Economic system
- Economic system > Ecological system

Which way round?

- Nature underpins our economy & wellbeing (and survival)
- How valuation is currently used (tools such as Impact Assessments =CBA, hard to value, monetize..) ends up reversing reality...

Distribution

- **Who benefits? 'Payments for ES'**
- Are there specific beneficiaries in a given community for some supporting services?everybody in the world benefits from the water cycle
- Who gets paid?
- Inequality

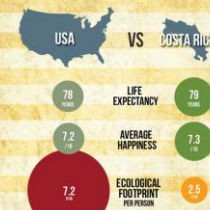


Food for thought:

- Will 'market based instruments ever deliver environmental sustainability or social justice?
- What should we measure?
- GDP or wellbeing?
- GDP & envt damage?
- Natural Capital?
- Role and type of growth?
- Efficiency?



WHICH ECONOMY IS MORE EFFICIENT?



SEE HOW OTHER COUNTRIES COMPARE:
WWW.HAPPYPLANETINDEX.ORG

HAPPY PLANET INDEX

More food for thought

- **Many of the outcomes we seek – equality, social justice, sustainability – are at odds with current economic thinking**
 - market fundamentalism (despite the crash)
 - privatization (increasing)
 - Liberalisation (despite the crash)
 - Indifference to inequality (growing)
 - Expansion of corporate power (growing)
- **Marketization of nature is the natural next step...**
 - De-regulation (Common Cause - the red tape challenge) & liberalisation: 'cut the green crap'
 - Regulatory Policy Committee – Business bias
 - Regulators 'duty for growth' (GDP vs. nature & wellbeing)
 - PES & Biodiversity offsetting

Common Cause for Nature

- Markets for Ecosystem Services and Payments for ecosystem services have increased **commodification of environmental services** in the last two decades. *'These schemes impose a 'complexity blinder', for instance, obscuring the non-monetary value, complexity and interconnectedness of natural systems. They also exacerbate socio-economic inequality: first, by making former 'public goods' accessible only to those with money; second, by singling out particular 'providers' as deserving of rewards. These effects – the inequality, money-focus, etc – all relate to power values'.*
- <http://valuesandframes.org/initiative/nature/>

FRAMES: Common Cause (2012)

- Conducted analysis on the communications of the 13 UK conservation organisations to investigate the values and frames they were using in messaging.
- **Intrinsic** (love, amazement, connection, beauty..)
- **Extrinsic** (power, money, 'save', 'services',
- **Risks of business and economic framing**
<http://valuesandframes.org/new-report-nature/>

Common Cause on E.S.

- When expressed in social terms, it is possible such frames can appeal to intrinsic values. However, if a monetary value is attached to the provision of services the frame becomes more extrinsic.
- Organisations should where possible avoid advocating for the monetisation of the natural world; they should instead campaign for the inherent benefits of nature to be embedded in policy frameworks.
- Don't just talk about risks, threat and scale of problem ≥ talk about the root causes and systemic issues..

Common Cause practical guide

- *'Even thinking in monetary terms about environmental resources and 'nature' may discourage collective thinking and promote individualist behaviour.'* (Gabrielle Horup, 2011)
- Where possible, avoid economic frames.
- Where they are unavoidable, begin by discussing the real benefits—to society and the environment—and make clear that monetary benefits are a means to an end.
- Point out that the social and environmental benefits are linked.

Focus on the community!



Messaging for community work

- Consumers of 'services', OR 'stewards' of something bigger (nature, future generations, sense of place)?
- Lessons from America- Resource Media on public communications strategies and "messaging" for ecosystem service policies leans heavily on the fascinating [2010 national opinion survey on "ecosystem services"](#).
- Americans don't like "ES" or "NC" as terms..

- Instead of ecosystem services, **talk about nature's value or nature's benefits.** Ecosystem services is both difficult to understand and inadequate to convey the core values at stake.
- **Frame the issue around land use and land management.** When possible talk about **specific** lands and natural areas. Within that overarching frame, develop messaging for categories of projects that are similar in their goals, objectives and target audiences
- **Acknowledge the many intangible and incalculable benefits** provided by nature before talking about dollar values for specific benefits or services.
- When it comes to nature's benefits, **focus on those that are most tangible, easy to understand and beneficial for public health and safety:** filtering water to keep it clean; providing clean water for drinking and irrigation; removing pollution from the air; keeping soil fertile and productive; protecting against floods and hurricanes, etc.

- Emphasize the need to **fill a gap in traditional economic analysis** in which the **default value provided by healthy natural systems is zero**. By quantifying benefits, we give land managers a more complete picture, allowing for better land management decisions.
- **Bypass jargon** for plain English. Instead of markets and credits, talk about paying land managers to manage their land in a way that provides benefits to the community. Instead of natural capital, talk about benefits provided by healthy natural systems.
- **Contrast green infrastructure projects with the resource-intensive interventions they replace**. Frame green infrastructure projects as a more cost-effective and resource-efficient choice. Continually remind taxpayers/ratepayers of the cost savings associated with a green infrastructure approach.
- Be disciplined and **avoid overselling the potential of ecosystem services markets**. Ensure language about the potential of a transactional approach be based on things the government is empowered to regulate. Develop specific examples of tradable services as defined by regulatory statute and stick to them.

- ### Solutions: Valuation for investment not payment
- Quantitative or qualitative valuation can help make the case for investment in healthy functioning ecosystems providing multiple benefits from a single site...
 - Investment in appropriate, knowledge-based management for:
 - Enhancing natural capital
 - Enhancing biodiversity
 - Investment in infrastructure to support knowledge-based management

