

# How to make the economics of ecosystem services credible and more useful?

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# How to make the economics of ecosystem services credible and more useful?

- ▶ Defra review of valuation in developing countries.
- ▶ How applicable are economic methods used to capture the value of ecosystem services to Asia?
- ▶ How might data on the value of ecosystem services best be incorporated into policy / decision making in Asia?
- ▶ What are the data / knowledge gaps?
- ▶ What are human capacity building needs within Asia to undertake economic analysis?
- ▶ Next steps!

# An Evaluation of Economic and Non-economic Techniques for Assessing the Importance of Biodiversity and associated Ecosystem Services to People in Developing Countries.

Christie et al (2012 forth coming)  
Ecological economics



# Methodological issues

- ▶ **Low levels of literacy, education and language**
  - Creates barriers to valuing complex environmental goods
  - Makes it difficult to utilise traditional survey techniques such as questionnaires and interviews.
  - More deliberative and participatory approaches to data collection may overcome these issues.
  
- ▶ **Informal or subsistence economies**
  - People may have little or no experience of dealing with money.
  - People find it difficult to place a monetary value on complex and unfamiliar environmental goods / services.
  
- ▶ **Valuation methods have been developed in developed countries**
  - Are the current best-practice guidelines appropriate for applications in developing countries?

# Practical issues

- ▶ **Lack of local research capacity to design, administer and analyse research projects**
  - Involvement of local people is considered essential within the research process to ensure that local nuances / values are accounted for.
- ▶ **Sometimes easier to administer valuation studies in developing countries**
  - Response rates are typically higher
  - Respondents are receptive to listening and considering questions posed
  - Interviewers are relatively inexpensive (allowing larger sample sizes).

# Policy issues

- ▶ **Lack of local research capacity**
  - Lack of awareness of valuation methods and of the importance of biodiversity to people.
- ▶ **Lack of empirical valuation studies in developing countries**
  - Little evidence to illustrate the importance of biodiversity to people.
  - Makes future benefits transfer difficult.
- ▶ **Existing research is often extractive**
  - Often little engagement with local communities, researchers or decision makers.
  - Research therefore has very little impact on the welfare of local people.

# Conclusions

- ▶ **The way people in developing countries think about the natural environment is different to those in developed countries.**
  - They have much closer ties to their natural environment.
  - Their knowledge is often implicit and / or experiential knowledge
  - Low levels of literacy and education mean that most people will have little or no scientific understanding of their natural environment.
  - **The above means that people from developing countries may have difficulty in expressing their value for natural resources.**
  
- ▶ **Given the above, standard approaches to valuation are unlikely to effectively reveal the preferences of people in developing countries.**
- ▶ **Valuation may be more effective if:**
  - Local researchers are used throughout the research process
  - Deliberative, participative and action research approaches are incorporated into the valuation methods.

# Recommendations

- ▶ **Further research is required:**
  - To develop best-practice guidelines for valuation research in a developing country context.
  - To explore ways in which deliberative, participatory and action research approaches might best be incorporated into economic valuation.
  - To build local research capacity to allow local researchers to be utilised at all stages in the design, administration and analysis of valuation studies.



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