Applying the TEEB stepwise approach to valuation
Exercise

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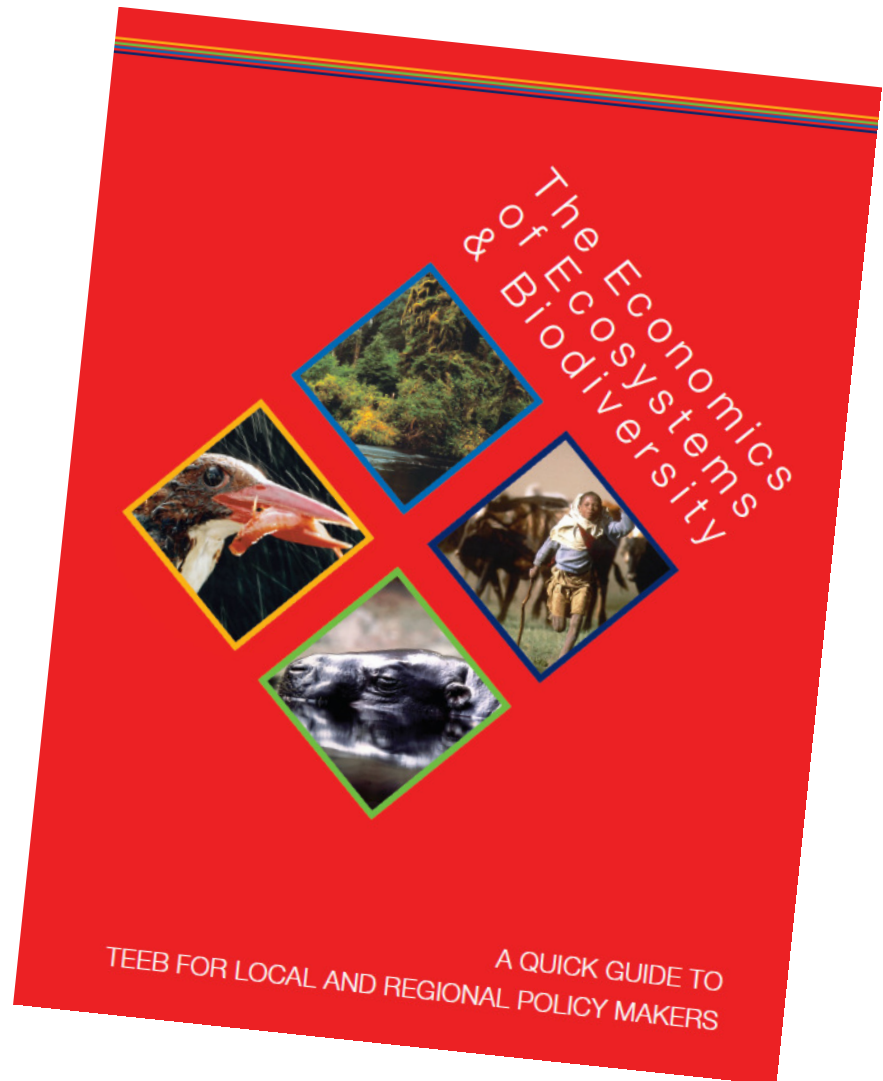
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The TEEB stepwise approach to valuation:

1. Specify and agree on the problem
2. Identify which ecosystem services are (most) relevant to the decision
3. Define the information needs and select appropriate methods
4. Assess the expected changes on the flow of ecosystem services
5. Identify and assess policy options
6. Assess distributional impacts of policy options

The Economics of Ecosystems & Biodiversity

A QUICK GUIDE TO
TEEB FOR LOCAL AND REGIONAL POLICY MAKERS

The rationale: Picking the low-hanging fruit in valuation…

Many valuation tools are costly and time-consuming to apply, and require considerable technical expertise…

➢ <u>Apply a cost-benefit-criterion to the valuation exercise itself</u>

   ✓ Aim to capture the most important ecosystem services/elements of TEV in a specific context – do not seek comprehensiveness at all cost

   ✓ Use simpler tools whenever appropriate

   ✓ Consider using qualitative/semi-quantitative representations; do not monetize at all cost

The step-wise approach step by step…

1. Specify and agree on the decision-making problem at hand

    ➢ This may involve the definition of (stylized) scenarios for the different options

2. Identify the most important ecosystem services (or components of TEV) in the specific context

    • in many situations, these will be a few key direct and indirect use values

    • Stakeholder involvement will be critical (example: identification of the role of NTFR for local well-being!)

    • aim for option and existence value only when there is a clear indication that these values are significant in the specific context (because those are particularly difficult to evaluate)

The step-wise approach step by step…

3. Considering using the following (comparatively simple) tools:

   - <u>Existing market data</u>: for many direct use values (e.g.: local market prices for many NTFR; tourism revenues;…)

   - <u>Cost-based approaches</u>: e.g. replacement cost associated with the loss of indirect use values

   - <u>Benefits transfer</u>: for rapid assessments, and with due caution

   - <u>Change-in-productivity method</u>: for important indirect use values when good scientific data is available

The step-wise approach step by step…

4. Use indicators for human well-being which are <u>meaningful</u> and <u>practicable</u> in the present context

    ➢   In some cases, using highly aggregated monetary figures will actually obfuscate the contribution of ecosystem services to local well-being

    For instance, the monetary figures for NTFR are often low in absolute terms and need to be complemented by indicators of their relative importance for human well-being

    ➢   Examples for possible indicators:

    •   Percentage share of NTFR in monetary/non-monetary income

    •   Dietary contribution of food NTFR

    •   Annual revenue from tourism sector, number of type of jobs created

    •   Etc.

Case example:
Cacao development policy in Cameroon

Background and objective: Cameroon seeks to expand its export base by promoting cacao production. Potentially negative impacts on forest-related ecosystem services are expected to result, in particular through forest conversion. However, much of the coffee is shade-grown, under traditional agro-forestry systems, and this is an interesting potential asset. The study seeks to inform policy-makers on the best way to implement cacao promotion.

1. Three stylized scenarios; (i) no conversion (status quo); (ii) intensive conversion; (iii) promotion of agro-forestry

2. Most critical ecosystem services:

   - Cacao production
   - Other agricultural production from agro-forestry (fruit trees)
   - Forest-related services, in particular NTFR
   - Carbon sequestration

Estimation de la VED sous les trois scénarios
(ici: illustratif et qualitatif)

I.   Pas de conversion

+++	séquestration de carbone
+++	services/produits forestiers
0	revenu additionnel cacao
0	autre revenus additionnels agro forets cacaoyers

II.   Conversion intensive

0/+	séquestration de carbone
+	services/produits forestiers
+++	revenu additionnel cacao
0	autre revenus additionnels

III.   Conversion agro forets cacaoyers

++	séquestration de carbone
++ (?)	services/produits forestiers
+/++ (?)	revenu additionnel cacao
++	autre revenus additionnels agro forets cacaoyers

Exercise (by country group)

<u>Suggested</u> **cases:**

Reef conservation policy

- Keywords: fishing, construction, and tourism sectors; pollution; marine protected areas

Wetland conservation

- Keywords: pollution, illegal settlements, city growth, agriculture development, sanitation, water provision

>>> your 'own juicy case' here <<<

1. Discuss and agree on your decision-making problem and possible stylized scenarios.
2. Identify the most important ecosystem services associated with the case.
3. Based on existing data, which valuation tools could you foresee applying?
4. Which indicators would you think are most meaningful and practicable?
5. Develop the scenarios in semi-quantitative terms.