

# Economic Valuation & Development: IUCN's recent experience

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# Economic Valuation and Development: IUCN's recent experience



- CBD Strategic Plan & the NBSAP revisions
  - Targets 2, 3, 4, 15 and 20
- Economic development, nature protection and conservation
  - Marine management areas in the Pacific
  - Parks and World Heritage sites in the Americas
  - Land use planning in the United States, Ghana and Brazil
- Private sector engagement
  - TEEB for Business
  - WBCSD EVI
  - SAI, Danone, Rio Tinto, Nespresso, etc.



# Mainstreaming environmental economic approaches to private & public sector decision-making



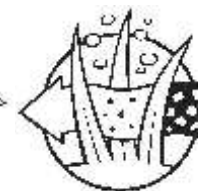
1. **Recognizing value:** a feature of all human societies and communities



2. **Demonstrating value:** in economic terms, to support decision making



3. **Capturing value:** introduce mechanisms that incorporate the values of ecosystems into decision making



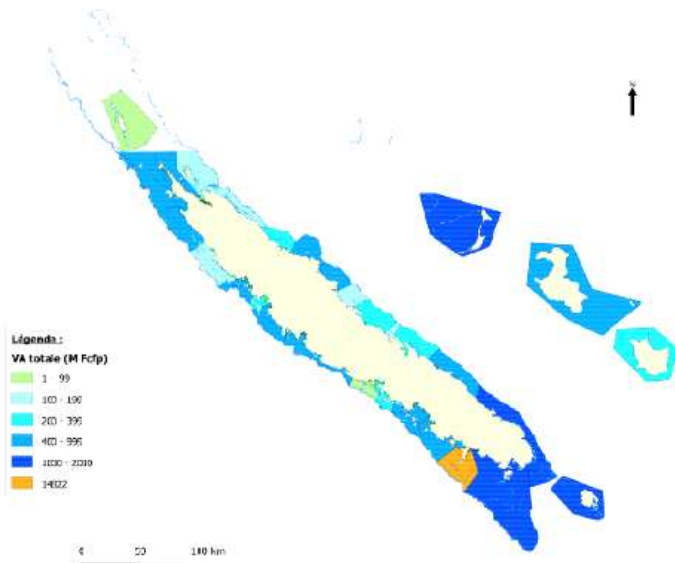
# Global estimates: Bonn Challenge, CBD Target 15



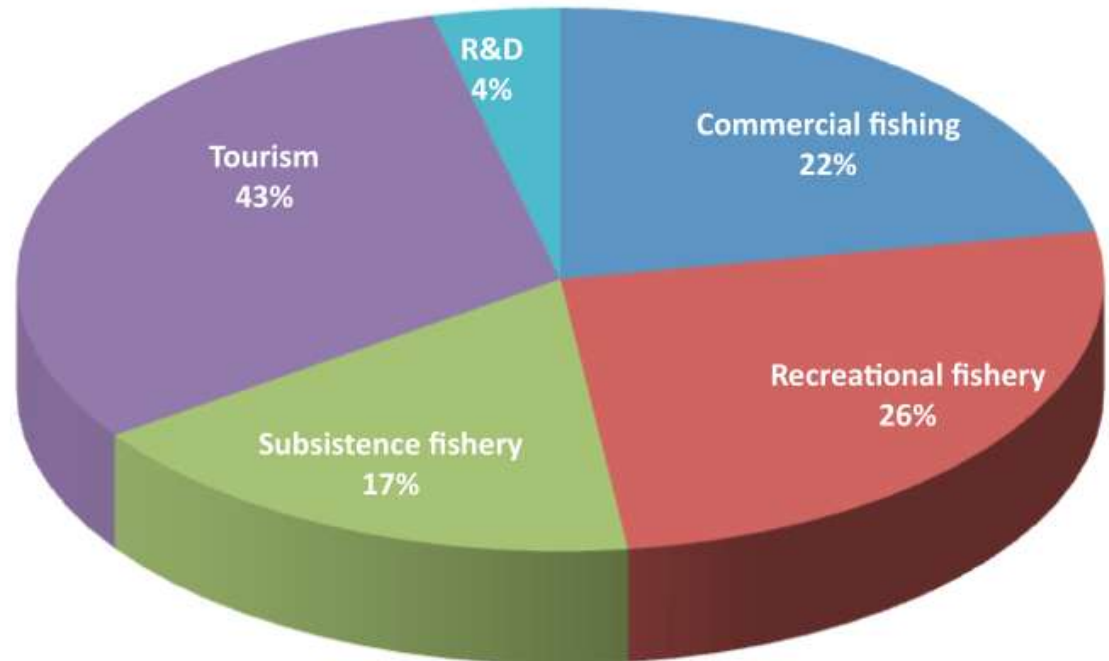
- \$84 billion global annual net benefit of forest landscape restoration.
- Results available per hectare, by value type, by biome.
- Good for awareness (fund?) raising
- Not good for policy-making

Global Benefits of Achieving the Bonn Challenge			
Restoration Method	Biome	NPV Per Hectare (USD)	NPV Per Hectare Per Year
Planted Forests	Temperate	\$85,437	\$1,709
	Sub-humid and humid tropics	\$86,433	\$1,729
	Dry tropics and Sub-tropical	\$57,814	\$1,156
Secondary and Natural Regeneration	Temperate	\$44,930	\$899
	Sub-humid and humid tropics	\$45,096	\$902
	Dry tropics and Sub-tropical	\$25,454	\$509
Agroforestry	Temperate	\$3,672	\$73
	Sub-humid and humid tropics	\$6,080	\$122
	Dry tropics and Sub-tropical	\$2,829	\$57
Grand Total (Billions of USD)			\$4,128
Total per year (Billions of USD)			\$84
Total Per year, per hectare (USD)			\$562

# Local estimates for public policy: Distribution of coral reef benefits in New Caledonia



Financial value of coral reef ecosystem services - Use values  
2008 : 9,000- 12,000 MFcfp (78-103 M€, 100-137 M usd)





# Local estimates for private sector decisions: Rio Tinto

- Investing in natural capital makes economic sense
  - NPV of US\$20 million for TGK
  - carbon values 80%
- Investing in natural capital makes financial sense
  - Licence to operate
  - Better informed business decisions
- Distribution of costs and benefits indicates need for compensation
  - Global benefits, local costs
  - Compensation at both local and international level
    - payments for ecosystem services, REDD



# Mainstreaming environmental economic values in development decision-making



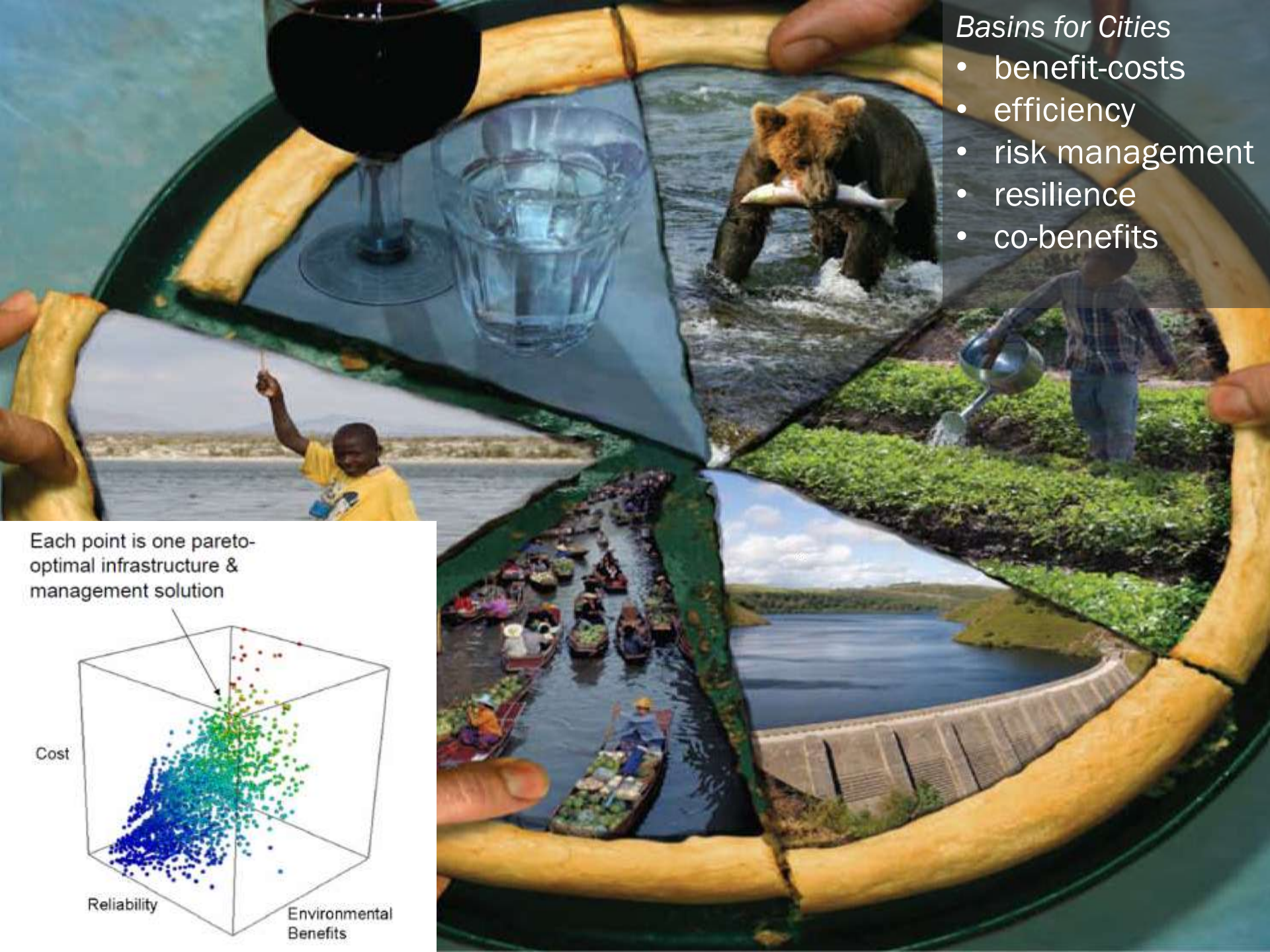
- Promising, perhaps essential, but there are challenges
- Local technical and human capacity
- Methodological:
  - Answering the right question
  - Site specificity, transferability, and scaling.
  - Multi-dimensional (co-) benefits
  - Communal tenure.
- Political considerations and concerns
  - Misuse of information.
  - Distribution and equity.





## *Basins for Cities*

- benefit-costs
- efficiency
- risk management
- resilience
- co-benefits



Each point is one pareto-optimal infrastructure & management solution

