



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



SUSTAINABLE DEVELOPMENT GOAL 9  
INDUSTRY, INNOVATION AND INFRASTRUCTURE

# Training Session on Economic Valuation

## Session 1 Subsession 2:

### „Economic Valuation of Ecosystem Services - Why and How?“

---

Training on the systematic integration of economic valuation of "wet" ecosystem services into the TDA/SAP process





# Why is it important to include EV of Ecosystem Services into decision making?

- Awareness building and communication to the public on the overall contribution of ecosystem services to social and economic well-being.
- Determining the economic costs from losing ES.
- Better governance (consensus, conflict resolution).
- Integrating Economic Valuation of ES of ecosystems into the TDA/SAP process to advise decision-making bridging the science-policy gap (will be further discussed in Subsession 3).



Source: IMO, 2017<sup>1</sup>





# Why is it important to include EV of Ecosystem Services into decision making?



Source: Mokhamad Edliadi/CIFOR<sup>2</sup>

- Supporting improved decision making.
- Recognizing different ES values (esp. for certain ones, e.g. future generations).
- Show choices of management and investments, incl. trade-offs.
- Influence policy and regulatory frameworks.
- Influence allocation of financial resources/investments by internalizing externalities into CBA.
- Short and long-term planning for sustainability – leverage resources.
- Integrating TEV into decision making (e.g. options in a SAP).
- Information for mitigation and litigation/compensation.





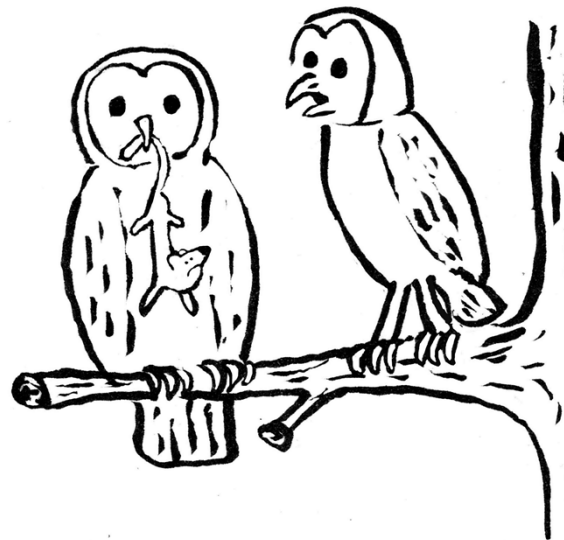
UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



**SUSTAINABLE DEVELOPMENT GOAL 9**  
INDUSTRY, INNOVATION AND INFRASTRUCTURE

## Influencing decision making:

"YOU CAN'T EAT HIM DAVE, HE'S  
WORTH £4.37 TO THE LOCAL ECONOMY"



@CartoonRalph







# Where is EV of Ecosystem Services needed in decision making processes?

- Evaluating the impacts of development policies and policy interventions that alter the condition of an ecosystem and consequently human well-being.
- Supporting the estimation of the “real” cost-effectiveness/cost-benefit of an investment or project.
- Evaluating trade-offs between different ecosystem management options and choosing between competing uses.
- Assessing liability for damage to the environment.
- Creating markets for ES in order to mobilize financial resources, e.g., global carbon market and payments for ES (PES).





## Examples of big significance include:

- Pioneers: Costanza (1997) and Daily (1997, 2000).
- The Millenium Ecosystem Assessment (2005).
- Stern-Report (2007).
- The Economics of Ecosystems and Biodiversity (TEEB) Reports (from 2010 onwards).
- Various LME valuations: CCLME, BOBLME, HCLME, GCLME...
- Baltic Stern (2013).
- And many national or sub-national studies on coral reefs (e.g. Caribbean, Australia), national parks/protected areas (e.g. UK, US), wetland values (e.g. Germany, TEEB for Water and Wetlands).



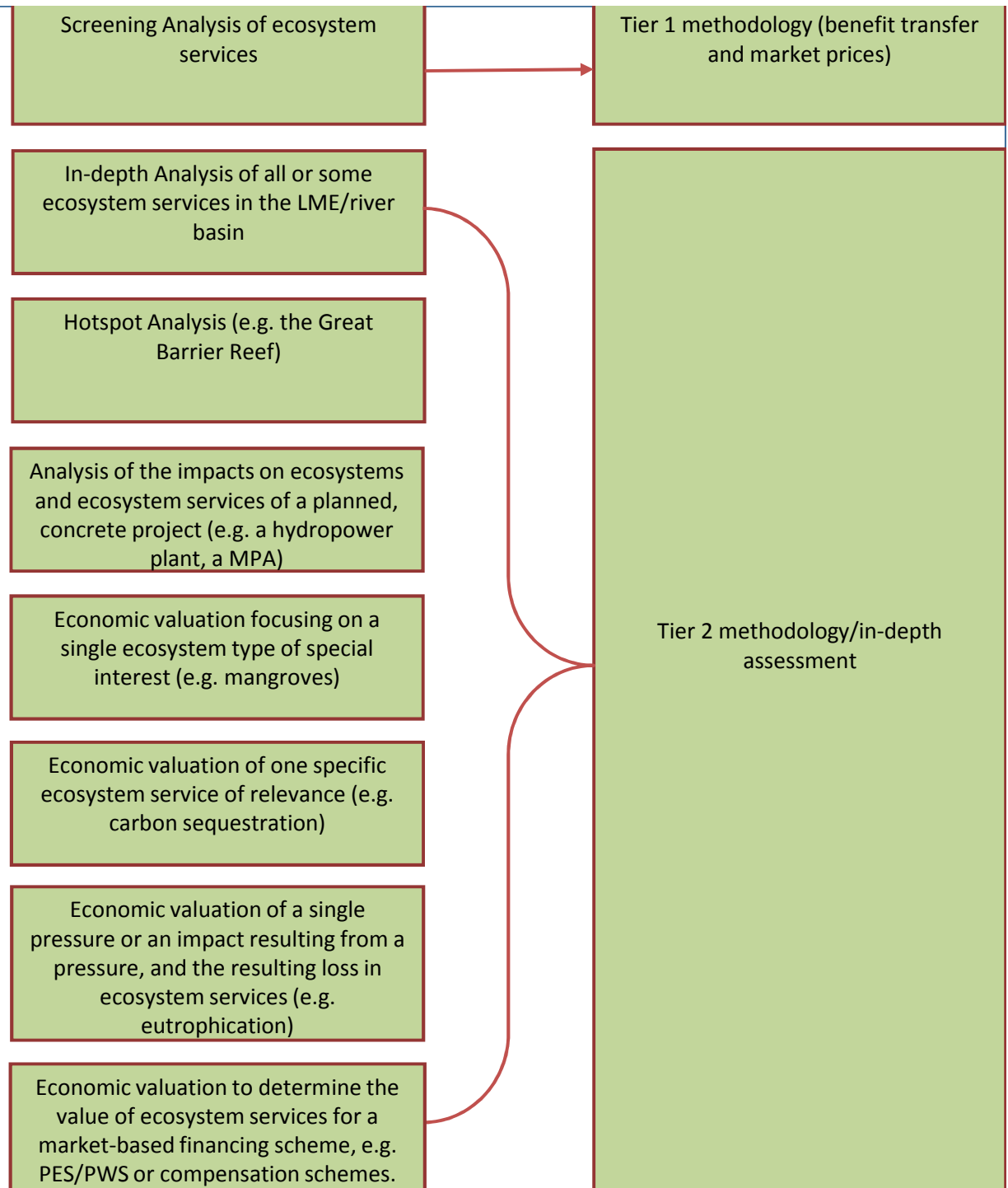


## The resource issue

- Economic valuations tend to be resource-intensive: time-, money- and knowledge-wise.
- Not all IW projects will have sufficient resources to do an in-depth valuation.
- Hence: two Guidance Documents, less resource-intensive („tier 1 projects“) and more resource-intensive („tier 2 projects“).
- tier 1: projects which can only provide limited resources towards an economic valuation: simplified methodology using benefit transfer and market prices (if including stakeholders: more expensive...).
- tier 2: projects which can dedicate adequate funds for an original valuation of ES: in-depth valuation.



- In terms of content: different contexts can be covered with the two methodologies... we will discuss the different „policy contexts“ in more depth in session 3







## Plenary discussion: your individual context

- What is the context in your IW project area?
- Do you tend towards „tier 1“ or „tier 2“?
- Do you have any experience with EV in your project area?
- Is an EV concretely planned?
- Do you have any expectations for a possible EV in your project area?



Source: Neil Palmer/CIAT, 2012<sup>3</sup>





UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



**SUSTAINABLE DEVELOPMENT GOAL 9**  
INDUSTRY, INNOVATION AND INFRASTRUCTURE

# Thank you!

**For more information, please contact:**

- Christian Susan [c.susan@unido.org](mailto:c.susan@unido.org)
- Eduard Interwies [interwies@intersus.eu](mailto:interwies@intersus.eu)





## Image/photo credits:

1. Final meeting of the GloBallast Global Project Task Force, photo by IMO, 2017 /Creative Commons Attribution 2.0 Generic | Flickr
2. Workshop on Collaborative Land Use Planning in Papua, photo by Mokhamad Edliadi/CIFOR / Creative Commons Attribution NonCommercial-NoDerivs 2.0 Generic (CC BY-NC-ND 2.0) | Flickr
3. Doha mangroves, photo by Neil Palmer/CIAT, 2012 / Creative Commons Attribution NonCommercial-NoDerivs 2.0 Generic (CC BY-NC-ND 2.0) | Flickr

