

Overview of the former work done within FORET EUROPE

First meeting of FOREST EUROPE Expert Group on valuation of
and payments for FES

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Lucia Ambrušová, Liaison Unit Bratislava



Former FOREST EUROPE activities

- ❑ Expert Group on valuation of FES worked during the period 2012-2014
Aim: to give recommendations to policy makers on the pan-European approaches to valuation of FES and means to facilitate its implementation
- ❑ Workshop on pan-European approach to valuation of FES, 24-25 September 2014, Belgrade, Serbia

Expert Group on valuation of FES

Sub-working Group No.1

Issue: Identification of FES at the pan-European level

Sub-working Group No.2

Issue: Toolbox with valuation of FES approaches to the pan-European region

Sub-working Group No.3

Issue: Means to facilitate implementation of valuation of FES in the pan-European region



Sub-working Group No.1

- Objective: to assess the state of the art on FES classification from a literature review

Comparison of main classifications of ESS

MA (2005)	TEEB (2010)	CICES (2013)
PROVISIONING	PROVISIONING	PROVISIONING
REGULATION	REGULATING	REGULATION & MAINTANANCE
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CULTURAL	CULTURAL & AMENITY	CULTURAL
SUPPORTING	---	---

Sub-working Group No.1

Review of five main frameworks for classification of FES:

- ❑ Total Economic Value (TEV) classification (e.g. Perace & Moran, 1994; Merlo & Croitoru, 2005)
- ❑ Millennium Assessment functional classification of FES (MA, 2005)
- ❑ Holistic classification (Mantau et al., 2007)
- ❑ FORVALUE study classification (Mavsar et al., 2008)
- ❑ MAES classification (MAES, 2014)

Similarities:

- (i) Wood products belong to category facilitating accounting for market products
- (ii) Non-market products often belong to the regulation and maintenance category
- (iii) Cultural services form a category that includes services related to recreation, spiritual and cultural interaction with forest ecosystems

Sub-working Group No.2

- Objective: to develop a matrix with economic valuation approaches identified at the pan-European region

Toolbox of different valuation approaches

Short description of method	Value concept	Suitability for FES		
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two approaches

Cost Based Methods

- Preventive Expenditures
- Replacement Costs
- Damage Costs

Preference Based Methods

- Travel Cost Method
- Contingent Valuation Method
- Choice Experiments
- Hedonic Pricing Methods
- Market Observations

Sub-working Group No.2

Caveats

- Enormous share of subjective factors surrounds the valuation of FES of a non-market nature
- Methods based on theoretical background, purpose of valuation, socioeconomic conditions and input data availability
- Estimating the value of various ESS may be done with a variety of valuation approaches. Hybridizing approaches may overcome disadvantages of particular valuation methods
- Valuation techniques affected by uncertainty, stemming from gaps in knowledge about ecosystem dynamics, human preferences and technical issues in the valuation process
- Valuation represents not only a professional issue but also a political issue of enforcement of respective political interest

Sub-working Group No.3

- Objective: to develop recommendations to facilitate implementation of the valuation approaches

Results and recommendations

- ❖ description of elements of national policies that might benefit from the use of economic valuation:
 - Liability laws
 - Property rights
 - Command-and-control approaches
 - Economic incentive approaches
- ❖ Barriers of monetary valuation of FES (cultural, methodological, political)
- ❖ Need for quality criteria for economic valuation of FES
- ❖ Practical support for facilitating the use of economic valuation of FES:
 - Support the access to information and valuation studies
 - Better use of existing data on FES values
 - Filling knowledge gaps
 - Enabling knowledge transfer

Sub-working Group No.3

- ❖ Means to facilitate implementation of valuation of FES
 - National Forest Programmes
 - Market based instruments: PES
other MBI
- ❖ Financing mechanism for non-market forest service (public mechanism, mixed public/private mechanism, private mechanisms)

Workshop on pan-European approach to valuation of FES

- ❑ 24-25 September 2014, Belgrade, Serbia
- ❑ Objective: to contribute to the pan-European vision, mission, goals and targets for 2020
- ❑ Focus: experience sharing, mainstreaming of FES valuation within forest policies and overcoming technical difficulties

Sessions

Session 1 Presentation of the Work developed by the FOREST EUROPE Expert Group on valuation of FES

Session 2 Sharing of experience and examples of FES valuation within the pan-European scope and regional level

Session 3 Sharing of experience and examples of FES valuation at national level

WG1 Mainstreaming FES valuation in National Forest Policies

- ❑ Further improvement of SFM tools at pan-European level
- ❑ To take into account services considerations at national level as a part of NFPs and in different level of planning
- ❑ Introduction of VFES in forest policies and strategic instruments is the way how to institutionalize its recognition, make recommendations on valuation and implementation and on payment schemes
- ❑ Forest owners included in the process of development of such policies

WG2 Overcoming difficulties in FES valuation and applying results for financing FES

- ❑ Objective: Evaluate and prepare a list of solutions and recommendations for policy makers on how to overcome difficulties in FES valuation

- ❑ Shortcomings identified:
 - Lack of information
 - Lack of institutions
 - Lack of interest at political level

WG2 Overcoming difficulties in FES valuation and applying results for financing FES

Recommendations

Valuation of FES:

- Clear definition of FES within the pan-European region
- Increase provision of information
- Impulse the governmental role in performing valuation of FES
- Relying on sound scientific studies before addressing valuation

Applying valuation results for financing FES:

- Review PES definition
- Encourage implementation of innovative finance instruments
- Promote case studies and elaboration of business cases
- Call on Governments to support forest owners to provide FES as a task of RDP
- Encourage communication of the benefits of FES approach

FOREST EUROPE

Liaison Unit Bratislava

c/o National Forest Centre
T. G. Masaryka 22
960 92 Zvolen, Slovakia

liaison.unit.bratislava@foresteurope.org

