



Dear Reader

Welcome to the second issue of the Nature Valuation & Financing Newsletter! Much has happened since the previous issue came out in March:

- An important development is the intensified collaboration with IUCN. At the project level cooperation takes place through the Water and Nature Initiative which aims to improve water management for healthy rivers and healthy communities (www.waterandnature.org) Furthermore, the IUCN Commission on Ecosystem Management (CEM) has adopted Ecosystem Services as one of its six Global Themes chaired by NV&F Coordinator Dolf de Groot (see www.iucn.org/themes/CEM).
- Another interesting development is the collaboration with Forest Trends, a non-profit organization based in Washington D.C. that stimulates the development of markets for forest ecosystem services that will improve the livelihoods of forest communities. Forest Trends is undertaking an analysis of private sector payments for ecosystem services (PES), which is partly carried out by Ivo Mulder of the NV&F Network (see www.ecosystemmarketplace.org).
- Regarding future activities, we would like to announce the NV&F's Dutch National Symposium **"Ecosystem Valuation and Financing – Making the priceless valuable"** to be held on **December 8, 2005**. Read more further on in the newsletter. We will include brief articles on these activities in the next Newsletter.



Loss of ecosystems means loss of services. Photo: B. Verschuuren

Topics included in this Newsletter

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|-------------------------------------|--|
| 1. Publications and Further Reading | 6. Announcements (meetings etc.) |
| 2. Case Studies | 7. Project & Job Opportunities |
| 3. Data Bases | 8. New links and (partner) Organizations |
| 4. Discussion Groups | 9. Feedback and Commentary |
| 5. National Platforms | |

You can subscribe to this newsletter through the website www.naturevaluation.org. The Newsletter provides the reader opportunities to respond to previous articles or to contribute new articles. You can send your input to: ivo.mulder@wur.nl

It is also possible to [download](#) the first newsletter, which briefly explains the recurring topics that will be covered in each issue of the newsletter and offers a more extensive explanation of the Nature Valuation & Financing Network.

1. Publications and Further Reading

- Sven Wunder (CIFOR) recently published a paper titled "Payments for environmental services: Some nuts and bolts". The paper deals with defining the concept of "payments for environmental services" (PES), how to evaluate PES efficiently, whom and how to pay and presents perspectives when PES is the preferable conservation instrument. You can download the paper by [clicking here](#) (see also the below box on Financing Mechanisms).

Finance Mechanisms: *The finance mechanisms folder can be found on the NV&F website; www.naturevaluation.org and is currently managed by Ivo Mulder, a consultant currently working for both NV&F and Forest Trends. He can be reached at ivo.mulder@wur.nl*

There are an increasing number of cases whereby payments by private beneficiaries are made to suppliers of ecosystem services, to ensure for example their access to the resource or their license to operate. However, government regulation can also be a trigger to accelerate deals, as is the case in US conservation banking and wetland mitigation banking. Four types of ecosystem services that are being paid for currently stand out: (1) watershed protection (i.e. for water regulation and water quality); (2) carbon sequestration and storage; (3) biodiversity protection; and (4) landscape beauty. In order to streamline and accelerate payments for ecosystem services, the Nature Valuation and Financing Network (NVNF) established a "finance mechanisms" folder. This folder explains what finance mechanisms are and what types of payment schemes are currently being used. It also provides access to publications, organizations, and a discussion group on this topic. In addition, we are also aiming to set up guidelines to ensure the quality of future financing studies. In order to make the best use of this folder you are kindly encouraged to use it frequently. If you have publications, you can upload them, If you have questions or statements that you want to put forward related to "financing ecosystem services", please use the discussion group to pose them.

- On June 14 2005 President Barroso of the EU helped launch the Global Footprint Network and WWF's Report "Europe 2005 The Ecological footprint" at the European Parliament in Brussels. The report shows that the European Union uses 20% of what the world's ecosystems provide in terms of fibres, food, energy and waste absorption. Yet Europe is home to 7 percent of the world's population. Europe's demand on the planet has risen by almost 70 percent since 1961. Download the report by clicking on the logo.



2. Case Studies

Case studies on our website are categorized by their eco-region (see listing below). Operative eco-regions are printed green. If you have a specific case study, or eco-region you would like to add [please register](#) and upload.

- Open Ocean
- *Coral reefs*
- Estuaries and shelf sea
- *Wetlands General*
- Tidal marsh and mangroves
- Swamps and floodplains
- Lakes and rivers
- *Tropical forest*
- Temperate/boreal forest
- *Woodland & Shrubland*
- Grass/Rangelands
- Tundra
- Desert (sand/rock)
- Cold desert (snow/ice)
- Cultivated systems (cropland & aquaculture)
- Small landscape elements

Each Issue we will feature a case study from one of these eco-regions. This Issue we will feature a case study on Tropical Forests.

Nature Valuation And Financing Of Tropical Forests

By: Florence Bernard (angoflorence@yahoo.fr) (manager NV&F Tropical Forest site)

Tropical forests are the richest and most diverse terrestrial ecosystems on earth and provide many goods and services to human society that are of great ecological, socio-cultural and economic value such as carbon sequestration, watershed protection, resources (e.g. timber, medicines), recreational benefits and cultural services. Recognising the value of these services is an important first step, which should be followed by identifying possibilities to generate funds to maintain these services and use them in a sustainable manner.

There are currently more and more experiences in different countries with developing Innovative Financial Mechanisms (IFM's) especially linked to hydrological services, biodiversity conservation, carbon sequestration and scenic beauty of the landscape. In this way, sustainable forest management becomes financially competitive to other forms of land use.

From Nov. 2004 to February 2005, a field-study was conducted in Tapanti NP to investigate which services could generate financial streams. The main benefits were found in the hydrological regulation services for electricity companies (2.850.000 €/year), water supply (208.500 €/year), Tourism (662.200 €/year) and biodiversity conservation (57.600 €/year). The total benefits of the Park are at least 3.590.000 €/year while the Park management budget is 245.000 €, thus yielding benefits at least 15 times as high. Currently the possibility of installing a tax on energy and water generated by the Park is under consideration, part of which could be used to fund the Park management.



National Park Tapanti Macizo de la Muerte, Costa Rica. Photo: F. Bernard

Costa Rica is a pioneer country in putting into practise IFM's. A National Fund of Forestry Financing (FONAFIFO) was created to finance forest management, reforestation, natural regeneration, forestry nurseries, and recovery of damaged areas through Payments for Environmental Services (in Spanish Pago por Servicios Ambientales - PSA) to private landowners. Several private hydroelectric companies are involved as well in IFM's by compensating private landowners or making payments to national park managers for restoring and/or maintaining the hydrological function of the forests, by forest protection and regeneration.

An important aspect of a successful implementation of any IFM is the legal context. In Costa Rica, the regulatory and policy framework favoured the implementation of IFM's but it often faces serious limitations in other countries. Other challenges when developing IFM's are the complexity of stakeholders' participation and multi-user arrangements as well as some equity concerns.

IFM, which were primarily designed for ecosystem protection, have an increasingly important role to play in relation to sustainable livelihoods and poverty alleviation. IFM's have strengths and weaknesses and generally have to overcome several difficulties. Nevertheless there is hope that partnership can help to promote the transfer of experiences, successful and unsuccessful, to contribute to increasing the knowledge-base needed for the design of similar IFM's and the strengthening of sustainable forest management.

The European Tropical Forest Research Network in their newsletter n° 35 presented “Innovative Financing Mechanisms for Conservation and Sustainable Forest Management” a review of interesting experiences in different countries. This paper is available at www.naturevaluation.org in the folder Case Studies/Tropical Forests. The folder also contains an interesting paper by Danièle Perrot-Maitre and Patsy Davis (2001) who reviewed a number of case studies on innovative financial deals for services related to water and forests.

If you would like to discuss specific aspects dealing with nature valuation and financing mechanisms of tropical forests or simply share your knowledge and experiences, please visit the website, [register](#), and participate in the [discussion group](#) on Tropical Forests.

3. Data Bases

We will highlight a different Database in each Newsletter issue. To visit the online databases accessible through the NV&F website [click here](#). If you know of any other online accessible databases that should be mentioned here please send an e-mail with the link and a short description to: ivo.mulder@wur.nl

EnValue database

This issue we will have a closer look at the EnValue database of the Environmental Protection Authority of the Australian State of New South Whales.

The ENVALUE environmental valuation database, developed by the NSW EPA and first released in 1995, is a systematic collection of environmental valuation studies presented in an on-line database. It is expected that the ENVALUE database will assist decision makers in government and industry as well as academics, consultants and environmental groups, to incorporate environmental values into cost-benefit analyses, environmental impact statements, project appraisals and overall valuation of changes in environmental quality. While there are limitations in using benefit transfer to derive a precise dollar value for impacts, it can provide an indication of the likely magnitude of environmental values. The database provides guidance on transferring estimates to other sites. Various studies on the topic of benefit transfer are also included in the database in the 'Conceptual Studies' section.



4. Discussion Groups

In each newsletter we will highlight one of the discussion groups.

In this issue some highlights of the discussion on the Cultural Valuation Forum managed by bas.verschuuren@wur.nl are presented.

The Role Of Cultural Values And The Marketing Of Community Services.

The discussion took place between January and August and was raised after a short debate on who should pay for the ecosystem services provided by local and indigenous people.

It was noted that the overall objective of local people is seeking livelihood support, rather than rent-seeking behavior of the private players. The question is, if market based incentives are the best solution to accomplish improved quality of life, then to what degree do governments have responsibilities in that matter? Some people think there are no drivers for the private sector to buy services from local people related to cultural values, because there are simply no utilities that can be derived from them. In this case it was argued that market based Incentives are not the proper tool. Others emphasized that the role of MBIs therefore need to be adjusted to the larger context of resource characterization and value perceptions probably through labeling a percentage of a certain payment for cultural services. A good example was thought to be 'green

concerns' which are able to boost private investment in community conservation efforts that in turn support cultural values.

Especially if cultural values can be linked to the financial benefits of environmental services the private sector will be interested in investing. Introducing the private sector also means incorporation of small subsets of profit maximizing behavior, which can trigger an unsustainable behavior in the overall social context. A possible role for the government was thought to be the overlooking of social and corporate equity issues concerning these processes. Moreover, in response to increasing investments the government will increasingly find this area becoming more critical and important to public policy. Overall it was concluded that the management of ecosystems are often closely linked to cultural values which help maintain the biodiversity so essential to environmental services.

If you would like to join this discussion or one of NV&Fs' other topics [click here](#). It is also possible to lead a new discussion. (You need to [register](#) to join a discussion group)

5. National Platforms

National platforms can be seen as satellite sites to the NV&F site providing specific data for the country in question. The National Platform is managed by an organization from the respective country and can be hosted in the language of that country. As each new national platform is launched, it will be introduced in the newsletter. Each newsletter also highlights one national platform, on this occasion, the Indian Platform.

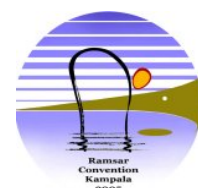
Indian Platform – Nature Valuation & Financing

The Indian platform of NV&F is managed by Ritesh Kumar, a natural resources economist presently working with Wetlands International – South Asia on valuation of wetland ecosystems. He can be contacted at: ritesh_economics@rediffmail.com

Ensuring sustainability of the natural resources is one of the key concerns of the Indian planners and decision makers. Nature valuation is increasingly being recognized as an important tool to integrate ecosystem benefits into decision-making processes. The Indian Platform of Nature Valuation and Financing aims at supporting the process of mainstreaming ecosystem benefits into planning and decision making by collecting, collating, benchmarking and disseminating nature valuation case studies from across the country. The platform also aims at initiating exchange of information and ideas through discussion groups on various issues pertaining to nature valuation and financing. In the long term, the platform aims at developing sustainability indicators for the national economy based on the datasets, and formulate case studies demonstrating the synergies between the development objectives and conservation and sustainable use of natural resources.

6. Announcements

- The 9th meeting of the Conference of the Parties to the Convention on Wetlands or Ramsar Convention (**Ramsar COP9**) will be held in Kampala, Uganda, **8 to 15 November 2005**. Ramsar member countries and observers will meet to assess the progress of the Convention and wetland conservation to date, share knowledge and experience on technical issues, and plan their own and the Secretariat's work for the next triennium with a focus on **"Wetlands and water: supporting life, sustaining livelihoods"**



- On **December 8**, a Dutch National Symposium will be held on **“Ecosystem Valuation and Financing – Making the priceless valuable”** at the Knowledge Centre of the Ministry of Agriculture, Nature Conservation and Food Safety (LNV-DK) in Ede (Gelderland). The conference aims to bridge the gap between policy, research, business and practice in the field of ecosystem valuation and financing. The organizers welcome participants from a broad audience that includes organizations and experts involved in policy, research, education and training, financing and implementation from government, NGOs, and the private sector (including the financial sector). For registration and further information please go to www.naturevaluation.org
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- Inception workshop South Africa**, Wetlands International and the Wetlands and Livelihoods Working Group are pleased to announce its first call for abstracts for the Wetlands, Water and Livelihoods Workshop, which will be held from **29 January – 2 February** in St. Lucia (South Africa). The purpose of this workshop will be to formally launch the Wetlands and Poverty Reduction Project and to gather support for, and input into, this new 4-year initiative. Through this workshop Wetlands International aims to strengthen partnerships among government, non-government, academic and private environment and development/aid organizations. It is envisioned that such partnerships would share knowledge and experiences in the integration of livelihoods, poverty and environment issues at scales ranging from the project-level to international and multi-national policy fora.
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7. Project and Job Opportunities

The International Water Management Institute based in Colombo, Sri Lanka, conducts research and capacity building activities related to water and land management, with the goal of improving food security, livelihoods, and the natural environment in developing countries. For more information follow the link via the logo.



IWMI is looking for postdocs in Asia & Africa:




- Economist/social scientist:** IWMI's regional office for Central Asia is expanding and deepening its social science, livelihoods and policy research capability and project portfolio.
- Ecological/Environmental Economist:** Contribute to the design, implementation and dissemination of ecological economic research as related to agriculture and water management and wetlands
- African Waterlaws and institutions:** The proposed research focuses on local community-based water management arrangements for productive and domestic water uses; assessment of the impacts of technical, financial, institutional and legal support systems by government, NGOs, and the private sector on access to water by poor rural women and men and livelihoods in dry-lands and wetlands; and also field-testing new institutional innovations through participatory action research.

- The **International Emissions Trading Association** is looking for a Deputy Conference Director for the Carbon Expo located in Geneva Switzerland. CARBON EXPO



is a trade fair and conference for the carbon market. It is jointly organized by the World Bank Carbon Finance Business, the International Emissions Trading Association (IETA) and Koelnmesse, as an annual event since 2004. Click [here](#) for more information.

8. New Links and Partner Organizations

- IUCN [WANI initiative](#) has joined NV&F as an official partner. The WANI-initiative is a 5-year action plan of 80 partner organizations to improve water management for healthy rivers and healthy communities. Demonstration of good management in ten basins is supported by the development of tools for financing, governance, empowerment, and information. NV&F is pleased to have the WANI-initiative as a partner. 
- The IUCN Commission on Ecosystem Management has adopted Ecosystem Services as one of the Global Themes and is chaired by the NV&F Coordinator Dolf de Groot. Well-managed landscapes and seascapes are at the basis of sustainable development and human security. They are critical to addressing underlying causes of biodiversity loss, and an essential requirement for meeting the Millennium Development Goals. IUCN's work on ecosystem management draws on its [Commission on Ecosystem Management \(CEM\)](#), a global network of experts that is supported by the IUCN Ecosystem Management Programme (EMP) as well as on its regional and global thematic programmes. 
- The Wetlands and Livelihoods Working Group (WLWG) is an informal group of individuals and representatives of organisations who wish to ensure that the needs of economically and socially excluded people are fully represented in all aspects of wetland management. The WLWG brings together development and environmental practitioners who may appear to have different end-goals but who recognise that their goals can be achieved only through a united and common approach to sustainable development. The WLWG works through four thematic issues on which discussions are promoted through the forum. For more information [click here](#) 

9. Feedback and Commentary

This section features readers' responses to topics in previous newsletters. It is also meant to comment on current events in general, or on the NV&F website. As you have hopefully noticed, our website (www.naturvaluation.org) is steadily improving and now has a search-option and a publication database to more quickly retrieve relevant information. Also we are working hard to improve and expand the content but for that we also need your help, so please, not only use the Download-function but also put new information on the website yourself through the upload function.

Positive reactions have been received from our members now that the site is working more efficiently. We of course keep working on improving the site and we welcome your input. If you are a specialist in a certain field and would like to share your knowledge you can volunteer to manage a folder on the website (e.g. case-studies in mangrove forests). For volunteering, feedback and comments please contact ivo.mulder@wur.nl.

About the Nature Valuation & Financing Newsletter

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The Nature Valuation & Financing Newsletter is a forum for multiple perspectives, and does not necessarily represent the views of the sponsoring organizations.

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