

**Greater Mekong Subregion (GMS) Core Environment Program BCI
Subregional Exchange Meeting (BCI-SEM) for Implementing Agencies
14 – 16 Sep, 2008, Siam City Hotel, Bangkok, Thailand**

Presentation on:

Valuation of Ecosystem Services: Methodological Framework for BCI Pilot Sites

Abstract:

Most of the forest ecosystem services (e.g. water, clean air, pollination etc.) are very difficult to quantify or put a value in money terms. Although timber (e.g. tree), non-timber forest products (e.g. forest food, rattan, latex, resins, etc.) are tradable in the market, the price mechanism often fails to reflect the real value of those ecosystem services because their valuation is based on the cost of extraction (labor, equipment, and transport) and raw material only; this does not take into consideration the ecosystem service value, such as watershed protection, soil fertility, carbon sequestration, biodiversity protection. Therefore, valuation of ecosystem services is essential in correction of market failure to support decision making.

In the context of GMS-CEP BCI Program, valuation of ecosystem services is aimed to provide economic and empirical information for BCI corridor policy formulation and decision making and basis for establishing Sustainable Financing Mechanism for BCI Sites – potential Payment for Ecosystem Services (PES) Programmes.

The presentation is structured as follows: i) what is economic valuation of ecosystem services? ii) why markets for forest ecosystem services fail and why valuation matters? iii) how to conduct valuation of ecosystem services? (Potential methodologies will be briefly discussed, followed by a case study with more detailed explanation on its application.) iv) what needs to be done in BCI sites? (essential activities are identified to conducting the valuation of ecosystem services in BCI sites and v) work plan for the study on Valuation of ecosystem services in Xishuangbanna Biodiversity Conservation Corridor Initiative (BCI) pilot site.