



Workshop on a Pan-European Approach to Valuation of Forest Ecosystem Services (Belgrade 24-25 September 2014)

Introduction

In the latest FOREST EUROPE Oslo Ministerial Conference the ministers adopted the decision 'European Forests 2020', where a new vision and mission for FE was adopted. In support of the shared vision they decided on goals for European forests and European targets to be achieved by 2020.

Among the goals that were decided to pursue are the following:

- (I.) Sustainable management of all European forests **ensures multiple forest functions and enhances lasting provision of goods and services**
- (II.) European forests contribute to a green economy, including through (...) **ecosystem services from sustainable sources**
- (VII.) **Socioeconomic and cultural benefits**, especially for livelihoods, rural development and employment from European forests **are optimized**

While among the targets to be achieved by 2020, we can stress:

- (IV.) **The full value of forest ecosystem services across Europe is being estimated and reflected in national policies (PES)**

And as European and National actions, they decided to develop a FOREST EUROPE work programme where there were prioritised joint European actions, to be carried out in cooperation with partners and other organisations. One of the Prioritised activity areas in European Forests 2020 decision was the "**Valuation of forest ecosystem services**":

*"Stressing the importance of the full range of forest goods and services, FOREST EUROPE will **develop a common approach to valuation** of forest ecosystem services and **promote its use**, with the aim of raising awareness of the contributions to societies of multiple forest functions, to serve informed decision making and to assess achievements against the 2020 Targets"*

The latest FOREST EUROPE Work Programme, adopted at the Expert Level Meeting celebrated in Madrid on 14-15 February 2012 and updated on the ELM on March 2013, addresses these prioritised joint European actions as a pan-European follow-up of the Oslo Ministerial Conference. One of these actions is specially focused on achieving:

"the full value of forest ecosystem services across Europe will be estimated with a view to using common valuation approaches, and that values will be increasingly reflected in relevant national policies and market-based instruments such as payments for ecosystem services".

To fulfil this activity an **Expert Group** with the aim to explore and propose a pan-European approach to valuation of forest ecosystem services and means to facilitate its implementation was established and worked from 2012 to 2014.

To consolidate the proposals and identify effective priorities and measures to promote the use of FES, this **Workshop** is established and will be held in Serbia, in Belgrade, 24-25 September 2014.

Background

Ecosystem services have been defined as the direct and indirect contributions of ecosystems to human wellbeing.¹ In order for an ecosystem to provide services to humans, some interaction with, or at least some appreciation by, humans is required. Ecosystem services are also bound up with the concept of natural capital which refers to the stock of natural assets from which they flow.

A major challenge facing the delivery of Forest Ecosystem Services (FES) is that many of the services provided are not traded in markets, making it difficult to observe their values directly. Also, where these goods and services are supplied to either society or specific groups of users for free or at a price which is far below the production costs of equivalent goods and services, forest owners receive little or no monetary incentive to provide them. This can result in declines in both the quantity and quality of these services. Possible solutions include applying regulations to enforce their provision or developing incentive mechanisms (including market-based instruments) which encourage woodland owners to provide them. Knowledge **of how to estimate the value of these services is often a crucial** step in providing evidence to support the introduction of such mechanisms. Nevertheless, valuation of FES is intrinsically uncertain, mostly for non-marked services or products.

Within the framework of its Working Programme, FOREST EUROPE's ultimate objective is to **offer pan-European policy makers and users a "menu" of options to implement the Valuation of Forest Ecosystem Services. The work of the Expert Group was designed and developed in such sense and this Workshop is planned to contribute to this purpose also.**

The Expert Group was built to give recommendations on a pan-European approach to valuation of forest ecosystem services and means to facilitate its implementation for policy makers, bearing in mind that there can be a range of possibilities or approaches.

The Expert Group has been set up to work from 2012 to 2014. The first meeting of the Expert Group was held in Madrid, Spain, the 28th of June 2012, with the presence of 12 professionals from different countries and organizations that shared their expertise in this area and proposed next steps in the work of the Expert Group.

At this kick-off meeting three sub-working groups were foreseen to deal with the three identified tasks of the Expert Group. These three sub-working groups, who have worked basically online, focused on:

- Identification of forest ecosystem services at the pan-European level
- Toolbox with valuation of FES approaches to the pan-European region
- Means to facilitate implementation

¹MA (2005): Ecosystems and human well-being: biodiversity synthesis. Washington, D.C. (USA): World Resources Institute.

Structure of the Workshop

Looking forward to an efficient Workshop that would contribute to the above mentioned pan-European vision, mission, goals and targets for 2020, it has been considered appropriate to put the focus on experience sharing, mainstreaming of VFES within forest policies and overcoming technical (and other kind of related) difficulties.

Session 1: Presentations of the work developed by the Expert Group of Valuation of Forest Ecosystem Services

Leaders of the three Subworking Groups of the EG will present the outcomes of the work to the audience of the Workshop. Their reports will be the base of the final document of FOREST EUROPE along with the outcomes and recommendations of the Workshop.

Session 2 & 3: Round tables: Sharing of experiences and examples of VFES within the Pan-European Scope and Regional level & at National level

The experts have pointed out that there is scope to consider whether some market mechanisms which have been developed for certain goods or services could also be applied to others in the future. In addition, as certain mechanisms are better developed in some countries but not well known in others, a cross-border exchange of experiences might give the impetus for the further development of existing instruments. Such knowledge exchange can also help to improve the application of different mechanisms, and enhance their efficiency. Of course, any introduction of new mechanisms would require the involvement of the relevant public and private stakeholders.

In order to help increase the knowledge on ongoing initiatives and projects **these sessions are planned to be a framework for sharing, learning and discussing pan-European experiences** in the field of VFES and its implementation mechanisms, bearing in mind the policy makers as the final stakeholders.

Working Group 1: Mainstreaming VFES in National Forest Policies

With the view that values of FES are increasingly reflected in relevant national and European policies and market-based instruments such as payments for ecosystem services, the aim is to include these considerations in the development of National Forest Policies, in general, and National Forest Programmes, in particular.

As it was established in the FOREST EUROPE approach to NFP's: "A national forest programme constitutes a participatory, holistic, inter-sectoral and iterative process of policy planning, implementation, monitoring and evaluation at the national and/or sub-national level in order to proceed towards the further improvement of sustainable forest management and to contribute to sustainable development." (Vienna 2003)

With this in mind, at a strategic and policy level, **National Forest Programmes (NFPs) can take advantage of FES valuation to create comparable and strategic frameworks that can be used to develop mechanisms to put such values into practice**, for example through market-based instruments. NFPs can use this valuation in several ways, including:

- identifying the geographical distribution of the main FES in order to assess resource allocation to ensure the protection (and possible compensation) of the ecosystem services in different regions;
- following the evolution over time in how countries value and implement the provision of FES.
- setting out frameworks and principles for developing mechanisms to implement FES values.
- gathering information on FES values to feed into forest policy documents and other sectoral reports – thereby enabling, for example, comparisons with expenditure on forest conservation and management.

Using FES values in these ways reinforces the evidence base supporting the forest sector and offers the sector the opportunity to be compared with other sectors that routinely provide measures of their usefulness to society.

More accurate criteria and mapping of their FES within countries is also important. This provides evidence on the services provided at national, regional and local levels, and helps to underpin policy mechanisms designed to provide these services ‘on the ground’.

Objective of the WG1:

The final objective of the Working Group is to **consider the necessity of support of national policies and planning tools such as a National Forest Programme to give VFES the prominence and boost needed for its development.** The discussion could be open to the consideration of other similar instruments.

Possible questions to address by the Working Group:

- Is VFES included in the NFPs at paneuropean level? Did it contribute to the implementation of VFES or any implementation mechanism? How?
- Would it be considered of regional interest to propose its inclusion?
- What other kind of technical and political forest instrument would be in the interest of a country to framework and encourage VFES? What would be necessary to do so?

WG 2: Overcoming difficulties in Valuation of Forest Ecosystem Services and applying valuation results for financing FES

Experts pointed out a variable set of difficulties when trying to applying VFES at policy, market, owners, stakeholders’ level. Some examples of difficulties that have been identified are:

- Economic and business accounting and markets currently fail in large part to account for the value of nature. This offers little incentive (financial reward) for forest owners, businesses or individuals to invest in these important services provided by woodlands.
- Information about the values of environmental services of forests is needed for various national policies, including liability laws, the formulation and distribution of property rights, the adoption of command-and-control approaches as well as for the establishment of economic incentives.
- Various practical barriers exist against the wider use of monetary estimates of the values of FES. These are of cultural, methodological policy-related origin.

- There is a need for more pilot projects to test whether new market-based approaches can work in practice. Understanding is still relatively limited so there is also a need for more research and analysis to provide an evidence base for taking forward market approaches.
- Strategies for increasing the marketing of forest goods or recreational and environmental services are not extensively applied.
- Private financing mechanisms for FES are not regularly used by the land-owners, even where there are no institutional barriers to their use. This suggests that such services are generally not seen as relevant business fields for forest owners.
- Systematic knowledge on new private financing mechanisms is lacking. New financing mechanisms remain relatively rare and have not been extensively studied. Their real potential and limitations cannot, therefore, be assessed reliably. This lack of knowledge includes questions about the role of institutions in the development of market-based instruments and in the support of innovation processes.

Objective of the WG2

To contribute to a better implementation of VFES within the Paneuropean region the object of this Working Group is **to jointly evaluate and prepare a list of solutions and recommendations for policy makers on how to overcome them.**

Possible questions to address in the Working Group:

- Which are the key challenges to the implementation of VFES nationally? And at the regional level?
- Could they be easily solved? What kind of solutions could be proposed? Could they be proposed at different temporary levels: short, medium and long term?