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# Conclusions



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## Valuation methods (I)

- **Revealed preferences methods** are based on actual observed behavior data
- Deriving values:
  - directly (e.g. from market prices)
  - indirectly from behavior in surrogate markets, which are hypothesized to have a direct relationship with the ecosystem service of interest (e.g. travel cost method, hedonic pricing method)
- applicable only for some forest goods and services (e.g. market goods, recreation, aesthetics)



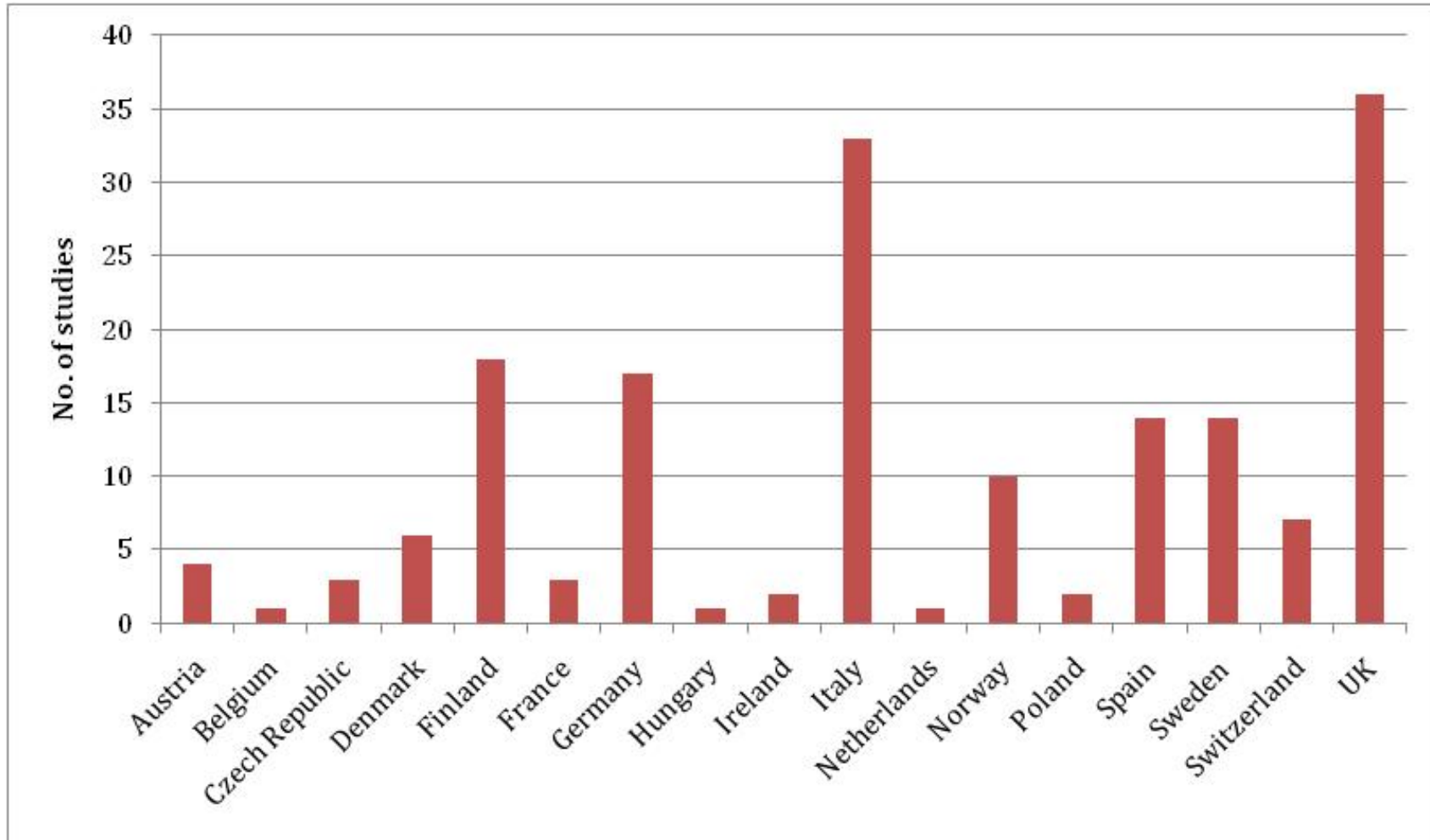


## Valuation methods (II)

- **Stated preference methods** are based on hypothetical behavior data, the value is inferred from people's responses to questions describing hypothetical markets or situations (Contingent valuation method, Choice modeling)
  - applicable to derive economic values for all types of forest goods and services
  - disadvantage is the complexity (expert knowledge) and expensive in application
- **Benefit (value) transfer** is used to transfer value from a study to a new policy site.

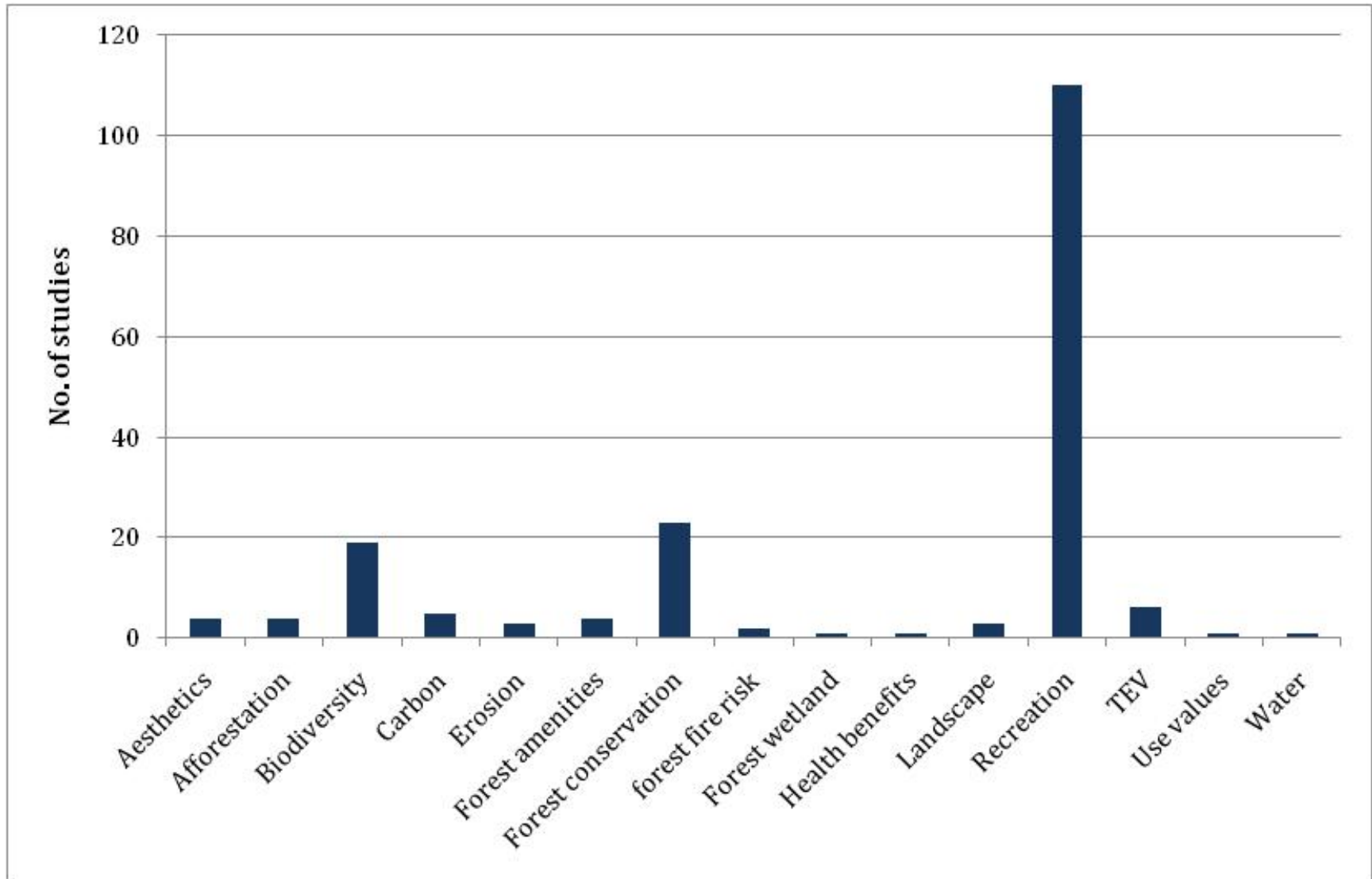


# Valuation studies





# Valuation studies



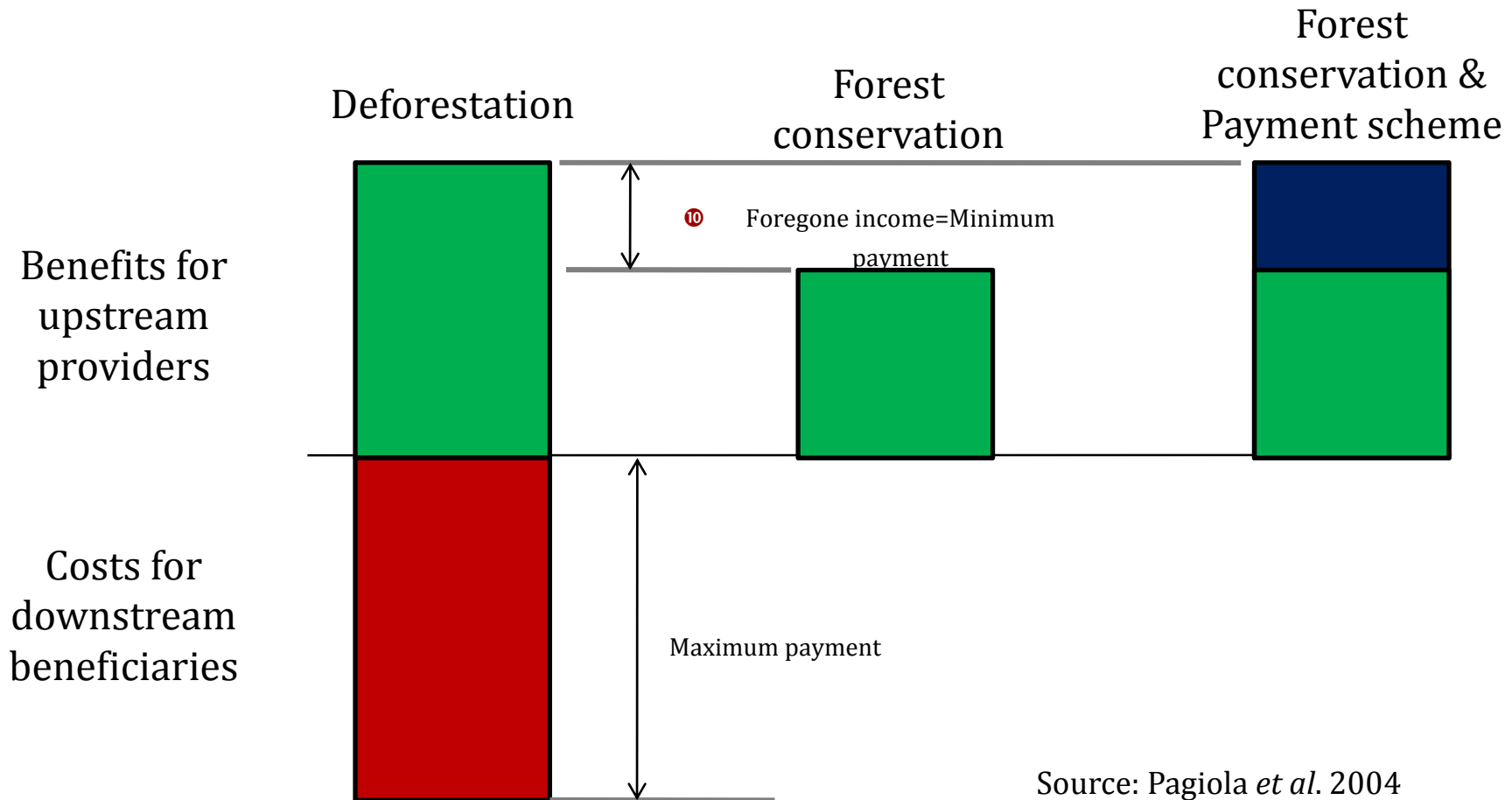


## Use of economic values of non-market forest goods and services

- raising public awareness about the contribution of the good to the social welfare;
- justifying the investment into certain type of forest management;
- supporting land use decisions;
- comparing costs and benefits from alternative projects or programmes
- cannot be used to determine the amount of compensation that should be paid to the provider of a non-market forest good or service
- compensation amount based on foregone income or increased costs



# Use of economic values of non-market forest goods and services



Source: Pagiola *et al.* 2004





# Finally

Economic valuation is a powerful tool that can provide valuable information for policy development and evaluation.

However, we have to know :

- how to use the methods (requirements, limitations)
- how to use the results (validity, applicability)