

# Ecosystem Services – Are we flogging a dead horse?

*Different parts of the natural world may well have inherent value to society but they also need to pay their way in a meaningful sense to ensure their existence. The economic value of such places needs to be tangible and not based on contrived economic exercises.*

## DAVID WEST

OK, so having grabbed your attention with this racey title and potentially incurred the wrath of the growing band of Ecosystem Services groupies out there, perhaps I should explain my proposition further. I fully support the concept that ecosystems deliver a wide range of essential services which are vital to the future of human society. I also recognise that the crucial importance of these 'services' is not always given adequate consideration by policy and decision makers, who at times just place ecosystems into a box marked biodiversity, nature or wildlife. My contention and plea, however, is that we stop this obsession with inventing a monetary value for natural services where there is no current or likely future real market value and instead focus on real income generating opportunities.

At the time of writing 'dead horses' are rather topical in an international meat scandal driven by economic forces. Any connection between this article and the concept of incorrect labelling, or the dangers of following a strategy based entirely on price, is purely coincidental...

### The case for pricing nature's services

The Natural Environment White Paper<sup>1</sup> states that "government and society need to account better for the value of nature, particularly the services and resources it provides". The argument goes that placing a monetary value on the services provided by ecosystems will provide a vital tool for future land-use planning, create new income streams for managing natural habitats, and adopt a language which business and a government, driven by economic growth priorities, can understand.

To achieve these goals a small army of senior policy makers, scientists and economists have formed national committees and established resource hungry programmes to price what is currently free. The holy grail being sought is to design mechanisms that will calculate a monetary value for the contribution a rich habitat also makes to mitigating droughts and floods, detoxifying and decomposing waste, purifying air and water, pollinating nearby crops, renewing soil fertility, providing health and well being, and offering other 'public goods'.

On the whole, the conservation world seems to have blindly accepted this approach as a key way forward without really reflecting on the potential dangers that widespread adoption of valuation could bring.

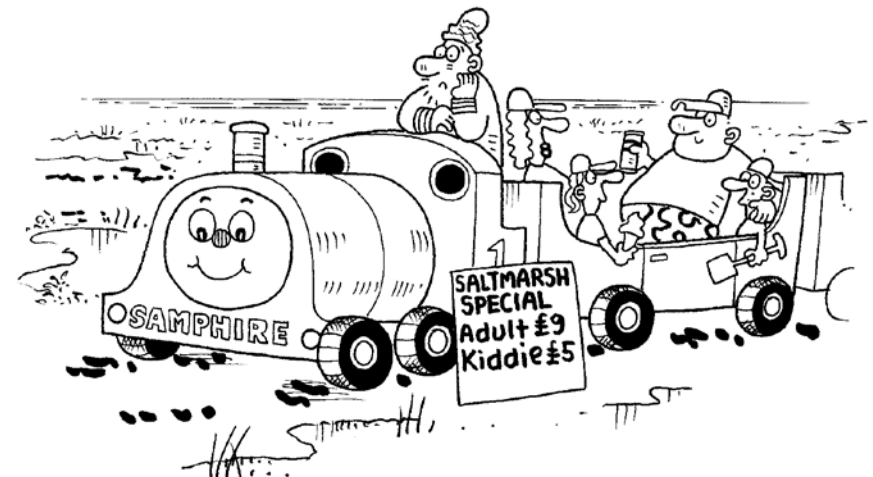
### A market reality check

Even the most ardent proponent of pricing Ecosystem Services (ES) would accept that it is difficult to be exact when placing a value on services where there is no actual market value. In most cases these services are neither directly 'consumed' nor exchanged in markets.

From a land-use planning perspective can we honestly see a scenario where, at appeal, a planning decision which impacts on a valuable habitat is overturned on the back of a valuation for services which is completely flawed or contrived and based on hypothesis? This is made even more difficult in a situation where the applicant can demonstrate actual market based figures for jobs created and rural economy growth. If such ES 'valuations' became the norm there is also a real risk of suggesting that every natural service has its price, can be replicated, and the developer simply pays for it to be delivered elsewhere, or through an alternative means.

So how about paying farmers and landowners for the Ecosystem Services they produce? Yes, there are a few good examples of this. The *Upstream Thinking*<sup>2</sup> initiative championed by the Westcountry Rivers Trust and funded largely by South West Water is an example to be applauded. In this case the water company justifies investing in tailored one-to-one advice and farm plans, and provides capital grants to benefit river catchments on the basis of decreases in the cost of water treatment. Despite more than five years of impressive results, we have not seen widespread adoption of this approach on other catchments and the cost-benefit argument has not been accepted by the water sectors regulating body OFWAT.

A recent review of Payment for Ecosystem Services (PES) initiatives prepared for Defra<sup>3</sup> reached the following important conclusion: "While there are clear opportunities to promote the emergence of further PES schemes in England, PES remains only one environmental policy instrument among many and is unlikely to represent a universally applicable solution to ecosystem degradation."



If we imagine a new system paying landowners to 'bank' carbon then there is logic to incentivising the planting of non-native and genetically improved crops and trees to bank it faster. The policy implications of ES payments could completely undermine the ethic of land stewardship. Given a finite budget do you pay the landowner who has carefully provided these services for decades? No, you target money to those whose activities, such as nutrient or sediment problems, pose the greatest problem. Perversely, this would encourage bad land management practice in order to maximise financial payments, and create an artificial market for pollution.

### **New and real products from nature**

I believe that there is a real case for greater innovative economic thinking within nature conservation. In a world of reduced public sector and European resources we must explore new ways in which conserving habitats can be economically viable. Conservationists are rarely natural entrepreneurs – but this is a skill set we really need now. The days of subsidised uneconomic land management practices are disappearing fast. We need to find new markets for real products that can be produced and sold today from extensively managed wildlife-rich habitats. We need to professionally market these products in a way which will encourage consumers to pay extra for the wider services they are supporting. We need to look at ways in which other forms of income generation can support habitat management.

For example, a well designed and small scale hydro electric plant could generate all the resources required to manage and maintain the adjoining water meadow complex with guaranteed income for the long term. Mechanised coppice extraction and conversion to biochar soil improvement products might help to solve the viability of traditional woodland management. A 'fairtrade' style approach to selling and marketing meat produced from flower-rich meadows could ensure the future of this declining habitat.

Devising new income streams is important work and there is a real danger that placing ridiculous £s values on non-market Ecosystem Services will undermine the real world economics that is so desperately needed.

Perhaps we should strive for honest quality beef and not create a false market for meat pies with dubious content!

### **References**

1. *The Natural Choice*, Natural Environment White Paper, 2011.
2. See [www.wrt.org.uk](http://www.wrt.org.uk) for further information on *Upstream Thinking*, a partnership scheme delivering Paid Ecosystem Services (PES) to assist with water quality improvements.
3. URS Scott Wilson, University of Aberdeen and the James Hutton Institute (2011) *Barriers and Opportunities to the Use of Payments for Ecosystem Services*, Report to Defra.

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