

## Meeting on

### “DEVELOPING METHODOLOGY FOR ECONOMIC VALUATION OF BIO-RESOURCES”

12<sup>th</sup> December, 2012 - Wednesday (10.30 am to 4.00 pm)

*National Biodiversity Authority (NBA), Chennai*

The National Biodiversity Authority (NBA) organized a meeting on “Developing Methodology for Economic Valuation of Bio-resources” on 12<sup>th</sup> December, 2012 (Wednesday) between 10.30 am to 4.00 pm in NBA, Chennai. During the meeting, the ABS, GEF team and the West Bengal Biodiversity Board, Member Secretary (Mr. Debal Ray) discussed with the two eminent Environmental Economist (Dr. Paul P Appasamy and Dr. G. Haripriya). The discussion was primarily focussed on Economic Valuation Components in the ABS – GEF Project and Methodology for valuing different bio-resources having ABS potential.

The programme was started with a welcome address along with a brief introduction about the project by Dr. Balakrishna Pisupati (Chairman, NBA). Further Dr. Prakash Nellyat (Project Associate, Economic Valuation) gave a presentation about the “*Economic Valuation in ABS Project*” which comprises (Biodiversity/Bio-resources Economic Value, Market Failure for Biodiversity, ABS and Valuation, Valuation Methods Options and Key Concerns).

The major issues or points emerged from the discussions includes:

- Valuation of bio-resources is significant in piloting ABS agreements.
- The common property and public good character of bio-resources is true, but can't change, since most of the bio-resources are emerged / collected from nature.
- If once someone sells a bio-product, he doesn't have any right on it.
- Biodiversity Act insists in formation of BMCs and BD Registrar.
- Traditional Knowledge is important, but valuing it separately is complex.
- Bio-resources (identification and collection) and TK is interlinked to some extent.
- Bio-resources valuation is complex, We need quantitative data on case specific, such as:

- Variety of products collected
  - How much collected
  - Where it collected
  - Any middle man in the process of collection
  - Time and efforts required for collection
- Scarcity value of the resources needs to be considered.
  - Existing royalty fixation criteria is not satisfactory (may be low).
  - Negotiation between NBA and Company should be in more rigours way, with the objective of high royalty rate.
  - In bio-resources case the buyers know the value better than the sellers.
  - NBA application has information gaps, particularly the economic information. Hence suggested to incorporate the following questions / information.
    - Firm's turnover
    - Number of employees
    - Incorporation year
    - Nature of the firm: what it manufactures
    - Patents filed per year
    - Investment in Research and Development
    - The purpose for which the raw material is used for
    - Financial details: profit before tax, after tax
    - From which state do they require material for

The meeting proposed to undertake the following tasks and assignments.

1. 3 or 4 success cases signed by NBA can consider for further investigation (economic valuation and value chain exercises). Here additional required information from the concerned company needs to be collected.
  - Prepare a brief Review Paper on “What is not relevant to ABS” (Identify each issues and elaborate it with proper justification).
  - Prepare a brief Review Paper on “History of and Biodiversity Valuation”.

- Draft a report on Valuation of Biodiversity (forest, wetlands and agriculture) and methods based on the available literature (More an academic Exercise).
  
- Prepare Material on “Orientation Course on Biodiversity Valuation” for BMCs.  
This should contain:
  - Introduction
  - Biodiversity / Ecosystem and Bio-resources valuation.
  - Methods of Valuation.
  - Assessment of Methods
  - How to use in different cases and
  - Limitations

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