Participatory Economic Valuation

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1

Outline

- Introduction to PEV

- Methodological steps

- Livelihood impact assessment

Introduction to PEV

PEV =>> the valuation technique that allow people to define the values of resources within the context of their own.

PEV is used when:

- standard methods such as actual, surrogate, and hypothetical market behavior are not applicable.

- cash prices have little relevance as an indicator of values.

- work with subsistent economy

- use of natural resources are diversified.

- people do not/ cannot indicate the quantity or value directly.

PEV can be employed for:

• Assessing the use value derived from G&S of the

ecosystem

• Livelihood impact assessment, i.e, establishment of

marine protected area

PEV Method

1. Find the "numeraire" for valuation which forms part of the local economy and can be translated into monetary amount, i.e., "amount of rice sufficient for the whole family per year"
2. Identify types of use/benefit or issues of concerns (using picture as a tool)
3. Rank the items of use/benefits (per year basis), as well as the numeraire, from least significant to most significant or …
4. Perform a scoring exercise, using number of counters allocated to each item, and make a note of the scores on the recording sheet.
5. Review the findings with the respondent.
6. Transform each item of use/benefit into cash amount, which translate into an annual value.

Assessment of livelihood impact at local level resulting from an establishment of marine protected area program (pro-poor conservation financing)

The impact assessment is based on sustainable livelihood framework developed by DFID (2006)

Human capital

Social capital

Natual capital

Livelihood impact

Physical capital
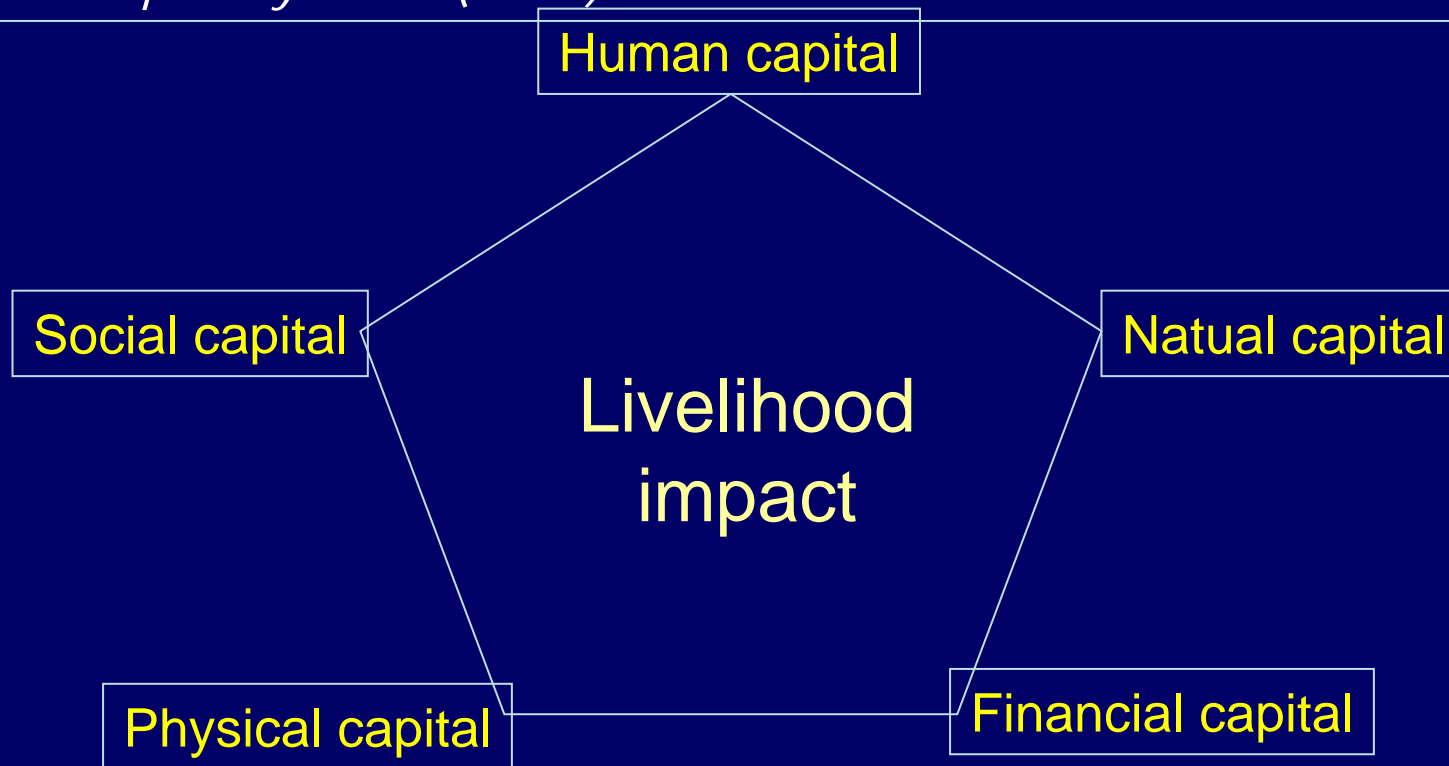
Financial capital

Human capital: health, nutrition, education, knowledge&skill, capacity to work, capacity to adapt

Social capital: connection, networking, trust, collective representation

Natual capital: land, water, forest, wildlife, aquatic resources, wild food&fibers, biodiversity, environmental services

Financial capital: saving, credits, debt, wages

Physical capital: infrastructure, tools and technologies,

MPA program can create +/- impacts to local people according to the law and policy regulation

Example:

Positive impact
Increased tourism revenue
Water availability
Flood protection
Increased NTFPs
Greater knowledge/skills
Ecotourism development
Reduced water pollution

Negative impact
Conflict between communities
Reduced water for agriculture
Reduced domestic water supply
Reduced/lost access to captured fisheries
Restrictions on infrastructure
Time spent do work for PA
Reduced/lost agricultural land

Example:.....

Natural asset

Natural asset
Land access
Irrigation access
Agric. productivity
Grazing access
Access water livestock
Livestock productivity
Rainfall
Drinking water access
Timber access
Firewood access
NTFP access

Human asset

Human asset
Health
School attendance
Knowledge, skills
Available time
In-migration
Out-migration

Physical asset

Physical asset
Road development
water infra dev/maint
electricity

Social asset

Social asset
Intra-village conflict
Inter-village conflict
NGO support level
Social status
Security

Financial asset

Financial asset
Income from PA
Fines from PA

9
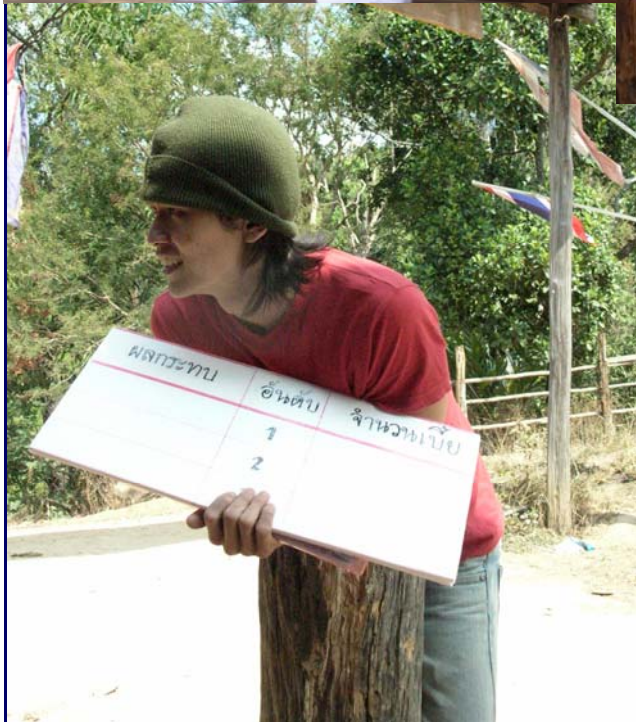
PEV in practice

1. Determine the numeraire (a proxy of money), its amount and value.

2. Identify issues of concerns (ie, positive impacts, once finished continued with negative impacts – one at a time)

3. Rank the issues
(numeraire is inclulded in the ranking process)

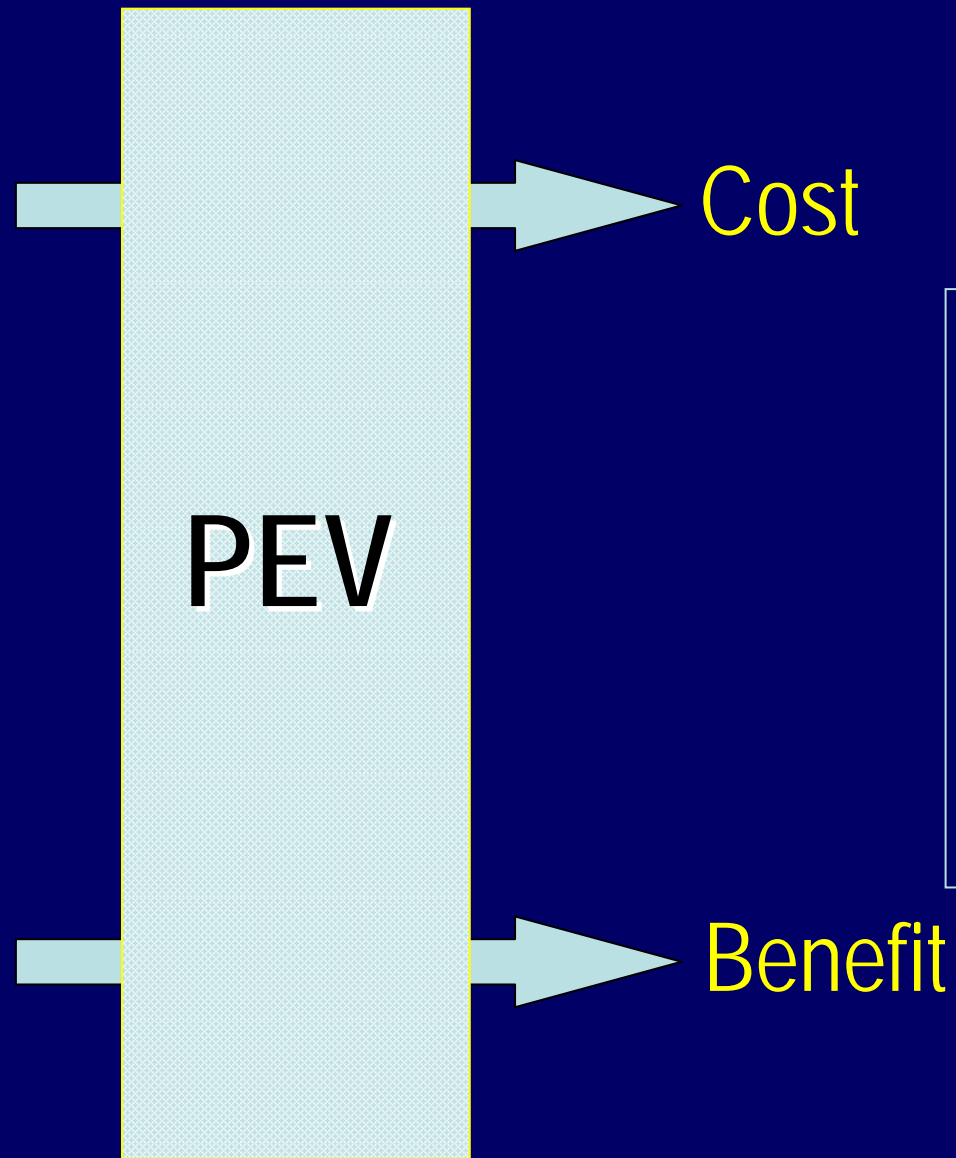# 4. Rate the issues
(including the numeraire)

Negative

impact

Cost

and

PEV

Net impact
=
Benefit
-
Cost

Positive

impact

Benefit

14