



Caspian Environment Programme



Economic Analysis: CEP Experiences & Lessons Learnt

Cape Town : 2007



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Experiences

1- Capacity Building effort :

- *Economic Valuation of Environment (EVE) workshop held in Ashgabat in November 2005; collaborative effort with the World Bank ; three from each country including environment and economic agencies*
- *Lessons learnt : novelty of the concept; strong resistance to the idea; need to focus on case studies; need to get participants to apply their learning*



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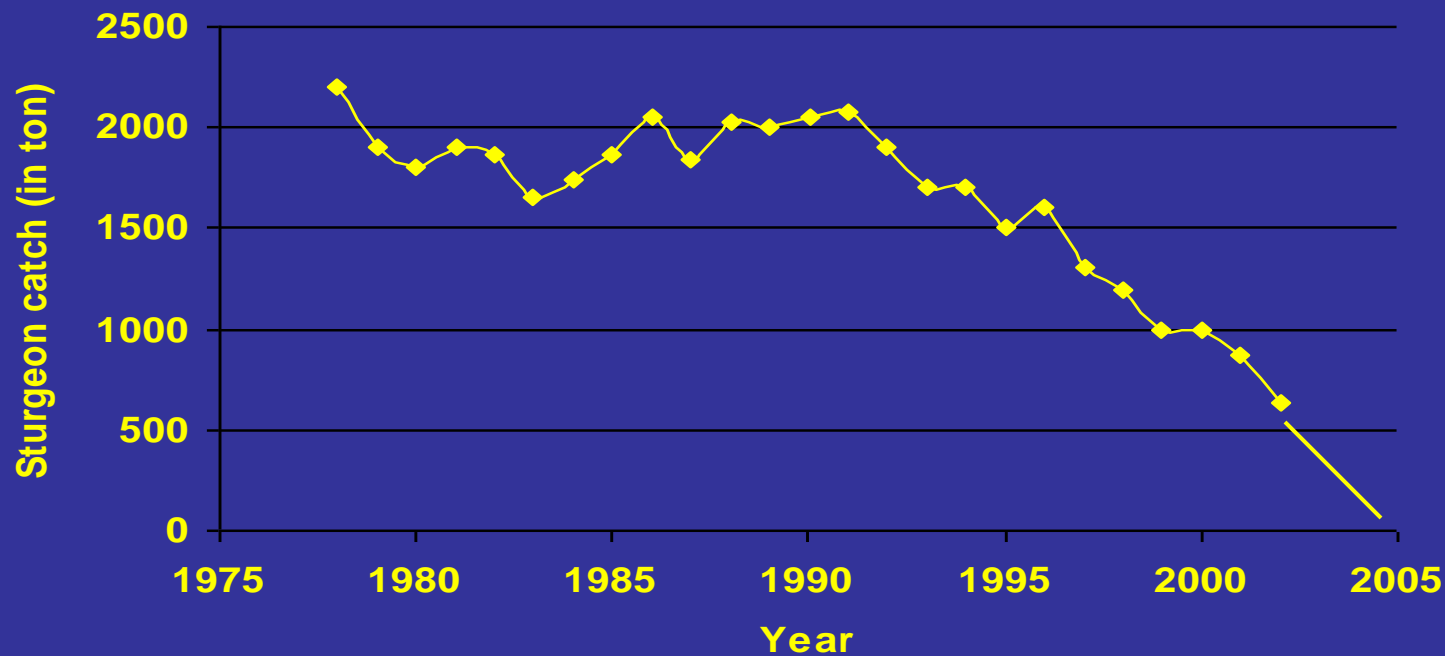
Experiences

2. Applications

- **Economics of Bioresources Utilization Study**
- **Water Level Fluctuations Adaptive Management Plan for Anzali Lagoon (WLF)**
- **Cost of Invasion by Mnemiopsis Leidy**

•Economics of Bioresources Utilization Study

- Objective was to give an indication of environmental degradation cost versus revenues from fisheries in the Sea



Sturgeon Catch in Iran



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Economics of Bioresources Utilization Study

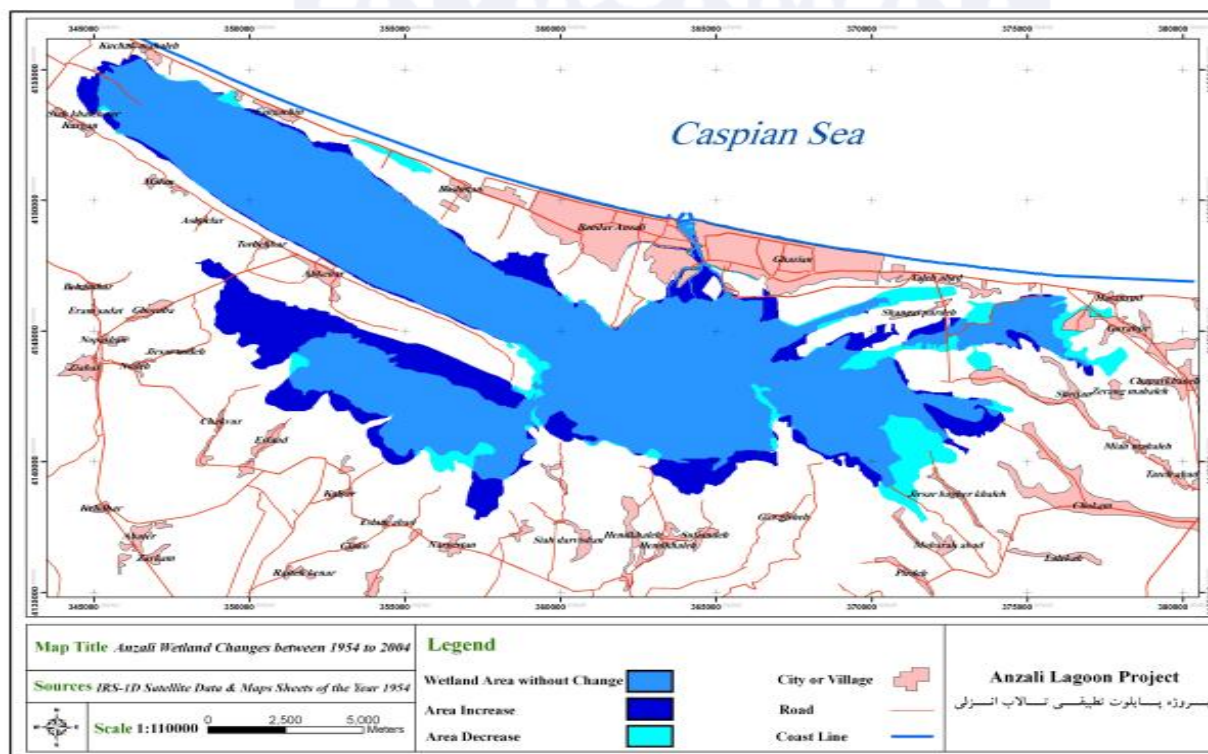
Concept : use of simple Use Value :

- *Total Revenue (TR): Official Revenue for specific species adjusted for global average prices and for guessestimate of illegal catch*
- *Total Expenditure(TE) : Official expenditures adjusted for annualized investment and for enforcement and policing*
- *Total Benefit : TR-TE*
- *Total Direct Environment Cost (TDEC)= (Maximum Sustainable Yield- Actual Catch) * (Global Average prices)*
- *Total Environment Cost /Benefit = TB + TDEC*
- *Lessons learnt: study has been delayed /stopped due to fisheries resistance !!*



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- **WLF Plan**
- **Objective : to cost a number of options to deal with the Caspian rising level versus cost of doing nothing !**





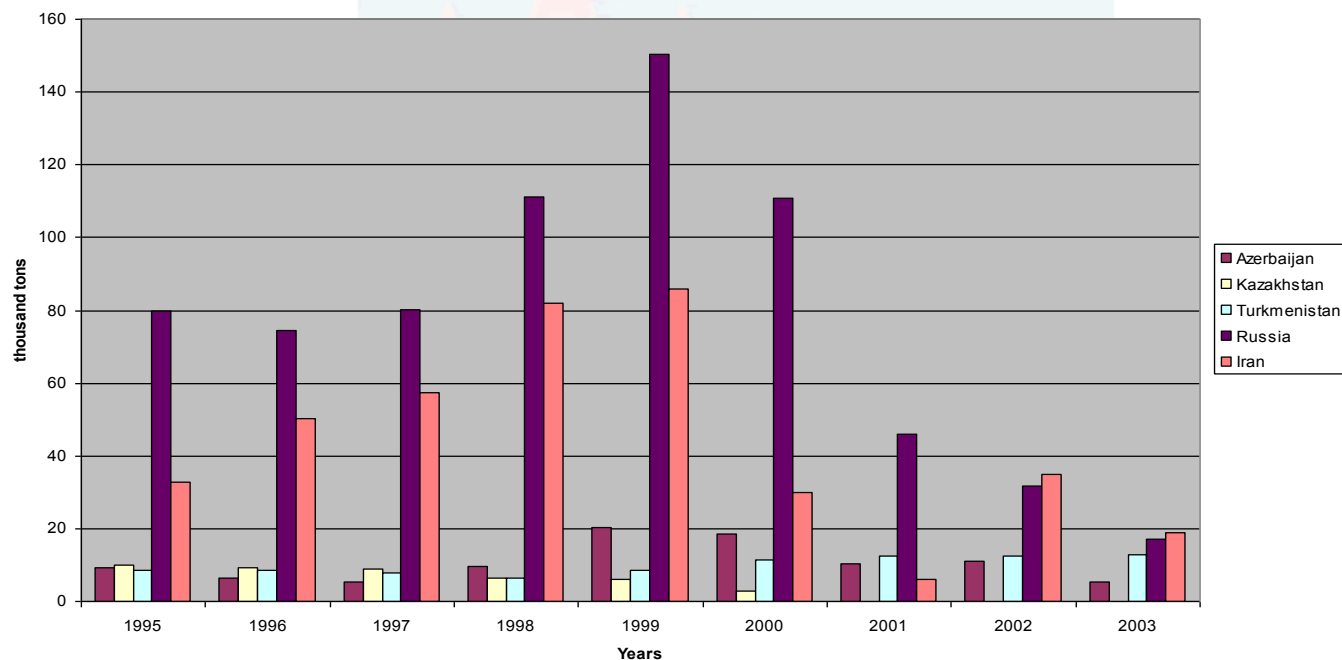
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- **WLF Plan**
- **Concept : use of direct costs**
- *Cost of no-action being defined on basis of 'perceived' inundated land and facilities plus references to number of people made homeless*
- *Cost of various options mostly defined as 'physical costs' associated with structures plus un-costed 'political' consequences.*
- *Lessons learnt : worst case scenarios do not always work; lack of data forces huge guessestaimtes; practically impossible to go for intrinsic values; figures always help to convince politicians*



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- **Cost of Invasion**
- **Objective : estimate cost of no- action to deal with invading ML**
- **Kilka Catch rate in the Caspian**





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Cost of Invasion

Concept : Sum of direct and indirect costs including :

- Cost of decline in catch from maximum sustainable yield
- Lost wages of fishermen and kilka processing plants workers
- Govt subsidies in lieu of fisheries halt
- Annualized cost of fleet depreciations and stopped plants.

Lessons learnt : “causality” is an assumption that will need be theoretically backed; hugely difficult to look at consequential damages



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• Conclusions

- Economic valuation of environment needs to be taken seriously.
- Capacity needs to be built
- Try to be simple
- Try to monetize but to highlight the elements that can not be monetized.



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