

Cost benefit analysis

Economics of ecosystem and biodiversity



Minister for Environment and Forests Jairam Ramesh's decision to undertake a national economic assessment of India's biodiversity, including wildlife, is a laudable initiative. This is in keeping with the conventional wisdom so lucidly expressed recently by an expert that "you cannot manage what you do not measure". Or, we could put it this way: The Government cannot protect our biodiversity without a clear idea of what it involves. The country can put to use, with some tinkering for localised adaptation, accounting systems like 'The Economics of Ecosystem and Biodiversity'. Clearly, conventional methods like calculating green expenditure and benefits as

a percentage of the Gross Domestic Product have had limited impact, and in any case do not fully reflect the potential of robust biodiversity as a paying proposition. There is no time to be lost and one hopes that the Minister's resolve to have the system working by 2015 does not get diluted over time in the face of opposition from vested interests, who will be hard hit by such fiscal accountability. Already, according to some reports, more than two dozen countries from Africa and Latin America have shown active interest in putting in place a financial cost and benefit structure for their 'green economies' — India, with its famed biodiversity that stretches from snow-capped mountains to dense forests and river-fed fertile plains, cannot be seen to be lagging behind. The use of TEEB has helped calculate that the economic value of services being lost globally amounts between \$2 trillion and \$5 trillion annually. The amount would have gone into the hands of stakeholders of the green sector, including millions of poor people who play a critical role in the sustenance of our biodiversity. Environmental solutions cannot be entirely had by linking them to human existence or cultural symbolism, as we have done so far. They have to be quantified in real terms to make them workable. It helps, for instance, to know that the legendary Ranthambore tigress, Machli, who has a *Facebook* following of over one lakh fans, has single-handedly attracted millions of dollars of revenue for the region. Travel Operators for Tigers, a Britain-based travel industry lobby, has estimated that Machli has added \$10 million over the past decade to Ranthambore's local economy because of her popularity.

But the success of green accounting in our country will depend as much on how the rest of the world responds to the global challenge, as it would on domestic political resolve. While the European Union has extended support to TEEB principles and several other countries have followed suit, friction among nations on various other aspects of biodiversity could derail the process. This dispute will play out in the ongoing Convention on Biological Diversity at Nagoya in Japan, where developing nations like India are pitted against the developed world over issues like access to pathogens that cause epidemics like swine flu. India is keen to have a protocol that includes pathogen access to developing countries, a demand that is contested by others. This is only one of the many obstacles that we face.