

Preface

The outcome of the United Nations Conference on Sustainable Development (UNCSD) in Rio de Janeiro in 2012 (Rio+20) 'The Future We Want' describes the importance of an Inclusive Green Economy in the context of sustainable development and poverty eradication. The consensus emerging from world leaders is clear and loud for broader measures of progress to complement conventional indices such as gross domestic product (GDP) and sustainable management of ecosystems and economy. There have been persistent efforts over the last two decades to reform our national accounting system through 'green accounting' or 'inclusive wealth' measures. It is expected that one of these new measures will finally provide a yardstick for sustainable development. These improved measures of national performance will also reflect our institutional and political commitments through the Agenda 21 document 'Our Common Future' of the 1992 Earth Summit at Rio and 'The Future We Want' document accepted at Rio+20 in 2012. The United Nations, encouraged by the general success of *quantitative* targets for the Millennium Development Goals in focusing policy-making and civil society discourse on specific, tangible and measurable results towards solving poverty, is now formulating 'Sustainable Development Goals', starting in 2015. Developing the accounts of society so that they measure what matters becomes even more crucial in that context.

Economic valuation of ecosystem services plays a pivotal role not only in resolving the conflicts and trade-offs amongst services but greatly helps in integrating physical accounts with the existing accounts of the economy. The integration facilitated through valuation provides a direction towards sustainability of economic development and ecosystems. Capturing and demonstrating the value of contributions of ecosystems to the economy, which in turn strengthens the constituents and determinants of human well-being, go a long way in operationalization of discourse on sustainability of society and economy. Valuation of ecosystem services and biodiversity provides an effective tool to assist decision-makers in designing cost-effective response policies for integrating changing ecosystem services into a decision-making framework.

The emerging importance and use of innovative tools like payments for

ecosystem services (PES) hinges upon the robustness of economic valuation, as only a credible value would facilitate a transaction between the beneficiaries and providers of ecosystem services. In fact, transactions between the beneficiaries and providers of ecosystem services although widely used require objective criteria, scientific understanding and a trans-disciplinary approach to make it a credible response tool for ecosystem management. Some of the quintessential aspects of PES are how the value of the service is measured. Although a promising tool for ecosystem management, PES suffers from several limitations. Most of the limitations arise from the necessary preconditions required for a transaction to take place between the parties involved. For example, inadequate understanding of what are being bought and sold, and long-term implications for local livelihoods and resource rights. This happens when the clarity of the service is less evident. Further, limited access to information about payments for ecosystem services, lack of financing for PES assessment, limited bargaining power to influence, shape or enforce rules and contracts, a limited asset base to absorb risks, invest time and resources in management, limited organization or outreach to attract buyers, and a lack of efficient intermediary institutions to reduce transaction costs are all well documented in the literature.

This volume covers some of these critical issues in valuation and payments, which are central to ecosystem management. The role of institutions especially in developing countries has also been adequately covered to make the volume useful and practice centred.

We hope this volume comprising some seminal work by the acknowledged experts of the themes will be a welcome addition to the ongoing debate on ecosystem management in developing parts of the world.

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