NATIONAL BIODIVERSITY AUTHORITY
&
TELANGANA STATE BIODIVERSITY BOARD

UNEP–GEF–MoEF&CC-ABS Project

on

"Strengthening the Implementation of the Biological Diversity Act and Rules with focus on its Access and Benefit Sharing provisions"

One day State Level Capacity Building Workshops on

ECONOMIC VALUATION OF BIO-RESOURCES FOR ACCESS AND BENEFIT SHARING (ABS)

Concept Note

The project on *"Strengthening the Implementation of the Biological Diversity Act and Rules with focus on its Access and Benefit Sharing provisions"* deals with assessing and quantifying the economic value of biological resources, using appropriate methodologies to determine benefit sharing, which will help in better implementation of the Biological Diversity Act, and inform national decision makers on prioritizing conservative action. In other words, the project is an attempt towards mainstreaming and strengthening the ABS process in India.

This project is being implemented in the 12 states of India viz., Telangana, Andhra Pradesh, Gujarat, West Bengal, Himachal Pradesh, Sikkim, Karnataka, Goa, Orissa, Tripura, Andaman and Nicobar Islands and Delhi and it is funded by Global Environmental Facility (GEF) and Government of India.

The identification of bio-resources or genetic resources, with potential for ABS from selected ecosystems, such as forests, wetlands and agriculture, and their valuation (estimation of the real value) is an important task in this project. The major activities coming under this head, include:

a) Developing standardized economic valuation methods for valuing bio-resources,

b) Organizing state level workshops on understanding the valuation methodology, and using the same in decision making,

c) Developing a methodology for using the economic valuation in deciding ABS permits, and (d) Developing a data base covering the economic valuation information in finalizing the ABS agreements.

In this context, the valuation of biodiversity/ecosystem goods is a fundamental step towards determining the real value of bio-resources, and operationalizing the "Access and Benefit Sharing (ABS)", one of the objectives of the Convention on Biological Diversity (CBD) as well as the Biological Diversity Act of India.

Different methods has drafted for bio-resources valuation, which includes: (a) Value Chain Analysis, (b) The "Maximum Willingness to Pay" Approach, (c) Application of the Appropriate Economic Instruments: (tax, cess, charges, royalty etc.), (d) Minimum Support Price for Bio-

resources and (e) Collectors' Willingness to Accept and Minimum Livelihood. However, the experts proposed that "value chain analysis" of bio-resources based product is more appropriate in identifying the real value of bio-resources. Further it is significant to develop case specific and / or separate formulas for valuing bio-resources based on its nature, availability, potential uses etc. (see the following table)

Value Chain Analysis: Many value added products are derived from bio-resources. Value addition for bio-resources (raw) and bio-resources based products occurs either through transaction costs or / and processing / manufacturing costs. Generally, the markets for bio-resources at their collection point are highly uncertain. A number of unexpected factors play a role at this stage, which makes for market imperfections. Transaction costs are the costs of particular bio-resources' movement from their collection point to the company gate, and occur through transportation charges and brokers or dealers' profits.

Development of Methodology for Valuing Bio-resources

Methods Derived from the Expert Committee Meeting (13th July 2013)

	Category of Bio-resources	Possible Methodological Approach	Payment Detail
A A1	Bio Pharmaceuticals (modern drugs) (*Population status, Rare Endangered and Threatening (RET), Abundant, Endemic*)	Scarcity Rent (SR),Information Rent(IR)- share a proportion attributable to the product. Endemic Rent(ER)	Initial payment + payment at the time of product development + payment at marketing stage. Monetary + Non- Monetary (for endemic and RET)
B	Bio-technology (Seed / Agriculture Related), Land races, Microbes,	Information Rent (IR)- share a proportion attributable to the product.	Initial payment + payment at the time of product development + payment at marketing stage Monetary + Non- Monetary (for endemic and RET)
C	Crop protection products	Information Rent (IR)- share a proportion attributable to the product.	One time
D	Botanicals (AYUSH)	Based on the proportion of Net Present Value (NPV) of the profit x the contribution of input to the out put	One time
E	Nutraceuticals / Personal Products cosmetics	Based on the proportion of NPV of the profit x the contribution of input to the out put	One time
F	Academia / R&D (non-commercial scientific research)	Onetime fee + renegotiation change in intent	One time

Further, certain bio-resources are basic raw-materials for manufacturing final consumer products. Many other products (inputs) and knowledge/skill (research and development) also contribute to the manufacturing the final product. Hence, the processing / manufacturing costs at different stages are significant. Through an amortised (remunerated) pricing

technique, one can estimate the real price of bio-resources. The ABS concern is whether the price spread and the value addition in bio-resources transaction and manufacturing is reasonable or not, and if not, what are the abnormalities in, and how will it bounce back to the communities or providers of the bio-resources.

In connection with the valuation of bio-resources, a two days state level capacity building workshop on "Economic valuation of Bio-resources for Access and Benefit Sharing" has scheduled on ***1st March, 2016 (Tuesday) at The Haritha Plaza, Begumpet,Hyderabad.***

The purpose of the workshop is to create awareness and capacity building among the key biodiversity stakeholders/managers about the;

1. ABS potential bio-resources in the state
2. Bio-prospecting and its socio-economic significance
3. Current scenario of bio-resources transaction and the trend of under pricing
4. Need for identifying "real/true value" of the bio-resources
5. Methods for bio-resources valuation and
6. How benefit sharing (implementation of ABS) can act as an incentive to community in conservation and sustainable use of biological resources.