

Growing Places



The Newsletter of the **Social and Economic Research Group**

Autumn 2012

Welcome to the SERG newsletter.

This edition focuses on some of our recent work on the role of the environment in the economy.

The UK Government is keen to show where a healthy environment can support economic growth and human well-being. This type of wealth creation aims to maximise value and growth, while seeking to manage natural assets sustainably. This includes reducing environmental impacts, promoting resource efficiency, enabling growth of a low-carbon and environmental goods and services sector, avoiding over-dependence on fossil fuels and creating a resilient economy that is better prepared for climate change and risks, such as floods and heat waves.

There is growing recognition of the important contributions UK woodlands can make to the economy in future, both in urban and rural areas. These include supporting low-carbon objectives to address the challenges of climate change. They also include contributing to solutions for other societal goals, such as preventing some of the economic costs posed by flooding and water treatment operations. Further work to develop approaches and mechanisms that more fully reflect the social and economic value of the ecosystem services offered by UK woodlands is vital to maximising their contribution to the economy.

The Chair of the Independent Panel on Forestry, the Right Reverend James Jones, Bishop of Liverpool, recently noted that sustainably managed woodlands “can offer solutions to some of the most pressing challenges facing society today”, with “untapped potential to create jobs, to sustain skills and livelihoods, to improve the health and well-being of people and to provide better and more connected places for nature.” The role of research is extremely important in providing evidence to assist policy-makers in realising such goals.

Tim Rollinson
Director General, Forestry Commission

IN THIS ISSUE

Independent report on forestry

Woodland-related social enterprises

Land managers and the green economy

Behavioural economics for ecosystem services valuation

Beyond the forest edge

A conference on New Frontiers of Forest Economics, organised by the International Union of Forest Research Organizations (IUFRO), was held in Zurich this summer with the goal of laying the foundation of forest economics for the 21st century. Forest Research contributed, with economist Gregory Valatin providing a review of a paper about a new auction mechanism being developed by researchers at the University of Washington in the US. The mechanism aims to create a market for the different bundles of ecosystem services (carbon sequestration, contiguous habitat, etc.) associated with forest management alternatives. According to one conference participant, it has the potential to ‘develop into the new eBay’. Papers from the conference, together with the reviews and an article on the frontiers of forest economics, will be published in a special edition of *Forest Policy and Economics*.

For more information or to access the papers presented, visit the conference website:
<http://neffe.ch/index.php?id=48>

Independent report on forestry

July 2012 saw the publication of the long-awaited report of the Independent Panel on Forestry, with its focus on the future of forests in England. The Government is now working on its response to the recommendations. The Panel gathered views and evidence from a wide diversity of sources, and work by Forest Research's Social and Economic Research Group (SERG) contributed background information in two important areas:

- a set of rapid evidence reviews considering the interaction between people and woodlands (with a particular focus on public access to woods and forests, community forest governance models and international policy experiences);
- economic evidence on the woodland economy, woodland creation and woodland management.

Of course, we cannot tell how important these contributions were to the thinking of the Panel (or will be to the response), but the reports have been published and are available for use.

The economics reports include a review of evidence for the extent of management of woodlands, the possible impacts of lack of management upon the ecosystem services, and consideration of the degree to which new markets or forms of finance might stimulate improved (or more extensive) woodland management. There is scope for greater woodland management to enhance the provision of ecosystem services, such as timber, biodiversity, recreation and carbon sequestration. However, the relationship between provision of ecosystem services and different types of woodland management is not straightforward. While some ecosystem services, such as timber and biomass, may increase with increasing levels of management, others are insensitive to management intensity.



There are a number of challenges in encouraging greater woodland management, especially in small and privately owned woodlands. The principal barrier is a lack of information on who the woodland owners are and what their motivations may be. This is an area that we are actively investigating. Other barriers relate to the cost of woodland management, a lack of awareness surrounding the benefits of woodland management, a complex regulatory environment and poor networks between woodland owners. Such barriers must be tackled if the green economy is to develop.

For further information and the full reports, please visit www.defra.gov.uk/forestrypanel/views/ or contact Chris Quine (chris.quine@forestry.gsi.gov.uk).

Woodland-related social enterprises

The Social and Economic Research Group (SERG) was commissioned by the Forestry Commission to investigate the barriers and challenges facing woodland-related social enterprises and the enabling factors that support them. This follows growing interest over the last decade in the potential contribution that social enterprises and the transfer of public assets to communities can make to society. It has been suggested that they can help to create a greener, more ethical, sustainable and socially inclusive economy and that they can support community empowerment, build community capacity and generate social capital.

Forestry policy across Great Britain recognises that supporting woodland-related social enterprises could potentially help achieve local and community development

objectives. Such support could also help to improve human well-being and assist in creating environmentally friendly businesses that are resource efficient and low-carbon. These might include businesses based on service provision, such as woodland recreation and management activities, or those based on wood and timber products, such as construction materials and biomass.

However, a thorough understanding of the value of woodland-related social enterprises and the best ways to support them has yet to be achieved. To start building this knowledge base, the study investigated seventeen existing or proposed woodland-related social enterprises across Britain and was based on interviews with key stakeholders involved in these initiatives.

Our research identified the following enabling factors for woodland-related social enterprises:

- available financing;
- non-financial support from non-governmental and public bodies;
- strong leadership;
- sufficient existing capacity within communities.

And we found barriers to success to include:

- bureaucratic hurdles imposed by public bodies;
- public sector procurement processes that assess 'best value' in purely economic terms;
- limitations of legal forms that mean organisations often have to become a charity with a separate commercial trading arm, which complicates governance/management.



For further information and the full report, please visit www.forestry.gov.uk/fr/INFD-84JD86 or contact Amy Stewart (amy.stewart@forestry.gsi.gov.uk).



Land managers and the green economy

As in many other countries, the majority of UK land and forests are privately owned and managed. To drive forward the transition to a low-carbon, resource efficient and socially inclusive 'green economy', it is therefore essential to engage private land managers to find new ways to bring together private agendas and public land-use policy goals.

Recently SERG has undertaken research focusing on both land managers and behaviour. Among other things, the work shows that land-management behaviours such as woodland creation or biomass use are most readily adopted where they fit with the decision maker's existing objectives. These objectives are related to well-understood factors such as economic conditions and operational knowledge. However, critically, they're also related to the norms and other pressures brought to bear by family, community, professional cultures and wider society. The evidence highlights a shared culture that seeks peer respect based on 'good' or 'productive' land use.

Our research points to a need to put in place systems that produce both economic and social rewards for sustainable

forest management. Incentives could be targeted to help exploit opportunities for land-management behaviour change and could be combined more effectively with enforceable governance structures.

The transition to a green economy may involve the forestry sector seeking and encouraging innovative governance arrangements that go beyond traditional 'private' modes of management and that recognise the diversity of stakeholders, but within which it remains possible for private rewards – both economic and social – to be realised. Models of community forestry and 'third-sector' ownership offer examples, as do a range of co-operative and collaborative management initiatives. These can facilitate private rewards within a structure that is more responsive to other stakeholders' needs, more capable of measuring benefits and thus making them more meaningful to the stakeholders involved.

For further information on land-management research please visit www.forestry.gov.uk/fr/INFD-7THBDU.

For details of SERG's behaviour research, contact Norman Dandy (norman.dandy@forestry.gov.uk).

Behavioural economics for ecosystem services valuation

Economics has traditionally been based on an assumption that people make rational decisions by considering every piece of relevant information. The ways in which preferences are formed have always been considered to lie outside the scope of economic analysis, being assumed to be essentially fixed. However, new work is considering the growing field of behavioural economics, which draws on insights from psychology and experimental research to provide a more accurate and relevant account of economic behaviour. This approach takes into account the wider factors affecting people's decisions and how these influence, and in turn are influenced by, preferences.

We undertook a review of insights from behavioural economics studies to feed into wider work on ecosystem service valuation. This focused on recent evidence on factors affecting how people form preferences and make decisions when placing values on ecosystem services and sustainability.



For example, people tend to place a higher value on the loss of a particular ecosystem, such as an area of wetland, than they would on the creation of a similar habitat.

Some factors relate to the amount and complexity of information people can process; they can be subconsciously recalling prior knowledge or even the preceding questions in a survey when forming an answer. Such factors, including the way information is presented to respondents, have important implications for the stated preference techniques often used in valuing non-market ecosystem services. The review also covered methods used to mitigate these effects, including employing additional questions to explore particular preferences and choices.

The potential implications of preference formation for individual valuation of ecosystem services and sustainability are more wide-ranging and fundamental than simply those applying to non-market valuation techniques. Akin to public health strategies to reduce smoking and lung cancer, tackling problems such as global climate change and biodiversity loss may require direct influence of values and behaviour, rather than simply relying on existing preferences, traditional regulatory approaches or institution building.

A case study of lessons from the use of insights from behavioural economics in a different area of policy-making is planned.

For further information, please contact Darren Moseley (darren.moseley@forestry.gsi.gov.uk).

If you need this publication in an alternative format, for example in large print or another language, please telephone us on **0131 314 6575** or send an e-mail request to: **diversity@forestry.gsi.gov.uk**

Recent SERG publications

Edwards, D., Jay, M., Jensen, F.S., Lucas, B., Marzano, M., Montagne, C., Peace, A. and Weiss G. (2012). Public preferences across Europe for different forest stand types as sites for recreation. *Ecology and Society* **17** (1), 27. www.ecologyandsociety.org/vol17/iss1/art27/

Valatin, G. (2012). *Marginal abatement cost curves for UK Forestry*. Edinburgh, Forestry Commission. Available from www.forestry.gov.uk/forestry/HCOU-4VXJ5B

Valatin G. (2012). Additionality and climate change mitigation by the UK forest sector. *Forestry* **85** (4), 445–462. <http://forestry.oxfordjournals.org/content/85/4/445.abstract>

Ambrose-Oji, B. (2011). Mainstreaming gender in the UK forest sector: livelihoods and equality of access to forest benefits. In: L. Aguilar, A. Quesada-Aguilar and D.M.P. Shaw (eds) *Forests and Gender*. IUCN, Gland, Switzerland and WEDO New York.

Lawrence, A., Molteno, S. (2012). From rationalism to reflexivity? Reflections on change in the UK Biodiversity Action plan. In: E. Brousseau, T. Dedeurwaerdere and B. Siebenhüner (eds) *Reflexive governance for global public goods*. MIT Press, Cambridge, Massachusetts. 283–298.

O'Brien, L., Varely, P. (2012). Use of ethnographic approaches to the study of health experiences in relation to natural landscapes. *Perspectives in Public Health*. Abstract available at: <http://rsh.sagepub.com/content/early/2012/03/01/1757913911434895.abstract>

Where to find out about us:

What we do

www.forestry.gov.uk/fr/peopleandtrees

Who we are

www.forestry.gov.uk/fr/INFD-5XNATV

If you would like to receive future copies of our newsletter please email:

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