Report on Bachelor

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Tomáš Baďura**
Advisor:	**Ing. Jan Melichar, Ph.D.**
Title of the thesis:	**Combining carbon sequestration and biodiversity conservation: Possible way to protect rain forests**

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

This bachelor thesis concerns about the problem of deforestation and forest degradation and how forests could play a main role when mitigating climate change impacts. Author starts with explanation of multi-functionality of forest ecosystems, introduces the concept of externalities and economic values regarding forest functions. Then, he describes the process and the consequences of forest degradation and deforestation. He goes into detail with description of biodiversity and carbon sequestration function. Finally, he describes the REDD mechanism and outlines its pros and cons.

This work is descriptive one, but it's well structured. It would be fine to include some graphs, e.g. to illustrate the trends in deforestation.

In the introduction, I have missed a clear specification of the aim and hypothesis of the thesis. I have also following comments:

2.3.3 Forest: a source of value
The economic value of ecosystems services could be also estimated not only by willingness-to-pay approach, but also by willingness-to accept approach.

I would appreciate that author could demonstrate direct, indirect use and non-use values using some numerical examples of these different categories.

2.3.4. Problem of valuation
There are many types of biases not only related to CVM, but to other stated and revealed preference techniques. So, referring only to hypothetical bias of CVM is misleading.

2.4. Forest as a source of externalities

I would disagree that "the consensus and enough empirical coverage is still missing" in the field of externalities. See e.g. ExternE projects on the assessment of external costs from energy production that are funded by European Commission.

2.4.1. Measurement and comparability

In this paragraph I would disagree that we cannot properly compare different approaches for environment environmental policy and choose the best solution. In monetary terms, we can derive changes in welfare measures using willingness-to-pay and willingness-to-accepts approaches, thus compare different states and choose the best solution bringing the highest utility.

2.4.3. Application to rainforest's conservation

I would appreciate to specify what economic instruments are available for internalizing forest's positive externalities.

The suggested questions for the defense are following:

1. What are possible economic instruments for internalizing forest's positive externalities?

2. Could you explain how REDD might help to rural development and poverty reduction?

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3. Are there any possible consequences that REDD might have on other forest ecosystem services, such as watershed protection function, soil erosion protection function, or recreation function?

I recommend grade **"velmi dobře" (good, 2)**, if the author gives satisfactory explanation to the suggested questions.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Literature	*(max. 20 points)*	16
Methods	*(max. 30 points)*	15
Contribution	*(max. 30 points)*	15
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**61**
GRADE	**(1 – 2 – 3 – 4)**	**2**

NAME OF THE REFEREE: Jan Melichar

DATE OF EVALUATION: **June 10, 2010**

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Referee Signature