COST-BENEFIT ANALYSIS OF WETLAND RESTORATION

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Abstract

The purpose of cost-benefit analysis (CBA) is to identify value for money solutions to government policies or projects. Environmental policy appraisal is typically complicated by the fact that there are a number of feasible solutions to a decision problem - each yielding a different mix of environmental services. Costs typically depend on the level of ambitions regarding the magnitude and multitude of benefits. Decision makers are therefore confronted with the questions: how can generically different benefits be measured in comparable terms and how should different levels of project costs be weighed against benefits? Economic valuation methods and CBA simplify the decision problem by reducing the various effects to single-valued commensurate magnitudes, which - in principle at least - facilitates the identification of a socially optimal solution. The main objective of this article is to illustrate the application of CBA within the field of river restoration. The Skjern River restoration project in Denmark is used as an empirical example of how these methods can be applied in the wetland restoration context.