



***PAN-EUROPEAN BIOLOGICAL AND LANDSCAPE  
DIVERSITY STRATEGY***

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**COUNCIL FOR THE PAN-EUROPEAN  
BIOLOGICAL AND LANDSCAPE DIVERSITY STRATEGY**

**FIFTH INTERGOVERNMENTAL CONFERENCE  
*BIODIVERSITY IN EUROPE***

**22-24 September 2009  
Liege, Belgium**

**BACKGROUND PAPER: THEME I  
VALUING ECOSYSTEM SERVICES**

*Document prepared by Norway in collaboration  
with the Friends of the Chair and resource persons for the session*

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## **Session 1: Valuation of Biodiversity and Associated Ecosystem Services**

### **5<sup>th</sup> Intergovernmental Conference “Biodiversity in Europe” 22 -24 September 2009, Liege, Belgium**

The Millennium Ecosystem Assessment (MA, 2005) assessed in an integrated manner the status of the world's ecosystems and highlighted the broad range of values from biodiversity and ecosystem services. Degradation of ecosystems and their ability to deliver ecosystem services has implications for human well-being and economic development.

Payment for ecosystem services (PES) is a concept that has raised expectations among many stakeholders. Conservation of ecosystems can be achieved through payment to ecosystem service providers rather than through unpopular measures of command and control. There are at present an increasing number of examples of PES related to water-supply, maintenance of cultivated landscapes and most recently for mitigating climate change.

More knowledge and understanding is needed to make the right political decisions as regards the conservation and use of biodiversity and ecosystem services.

The Athens conference<sup>1</sup> addressed “economics and finance”, “biodiversity and business” and “biodiversity protection beyond 2010” in separate working groups in order to stimulate targeted discussions. All these groups addressed the broad range of values from biodiversity and ways on how to improve biodiversity policy.

There are decisions in the PEBLDS process and under the CBD addressing biodiversity and business. In Europe, projects such as the Biodiversity Technical Assistance Units (BTAU) and “the Business case for biodiversity” are addressing ecosystem services as an economic asset.

In March 2007, the G8+5 environment ministers endorsed a study to look at the economic value of biodiversity and ecosystem services, as well as the long-term economic consequences of the continuing loss of biodiversity. The goal of the study, known as The Economics of Ecosystems and Biodiversity (TEEB), is to motivate actions to significantly reduce the loss of biodiversity by 2010. The interim report of the TEEB was presented at the high-level segment of CBD COP9 (May 2008).

The TEEB Interim report shows that if the right policies are not adopted, the current decline in biodiversity and the related loss of ecosystem services will continue and even accelerate in some cases, leaving certain ecosystems beyond repair. With a “business-as-usual” scenario, serious consequences could arise by 2050:

- 11% of the natural areas remaining in 2000 could be lost, mainly due to conversion for agriculture, the expansion of infrastructure, and climate change;
- almost 40% of the land currently under low-impact forms of agriculture could be converted to intensive agricultural use, with further biodiversity losses;
- 60% of coral reefs could be lost – even by 2030 – through fishing, pollution, diseases, invasive alien species and coral bleaching due to climate change.

TEEB will expand on the findings from the interim report and aims to demonstrate that economics can be a powerful instrument in biodiversity policy. The project seeks to make a credible economic and development case for conserving, sustainably using, and investing in biodiversity and ecosystems with equitable sharing of benefits. The ultimate goal of the TEEB study will be to provide policy makers with the tools they need to incorporate the true value of ecosystem services and biodiversity into their decisions. The study will run into 2009 and 2010 with the final results presented at CBD COP-10 in 2010.

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<sup>1</sup> From 27 to 28 April 2009, the European Commission organized a conference in Athens to consider the future direction of EU policy on biodiversity protection. Extensive information on the materials presented and discussed in the conference are available on the DG ENV web-site [http://ec.europa.eu/environment/nature/biodiversity/conference/index\\_en.htm](http://ec.europa.eu/environment/nature/biodiversity/conference/index_en.htm)

A TEEB Climate Issues Update paper, contributing to the discussion of the role of ecosystems and biodiversity in the climate debate prior to the Copenhagen UNFCCC conference, was published on 2<sup>nd</sup> of September. The next report, TEEB for Policy Makers, will be presented in November 2009. The Biodiversity in Europe Conference will build on the available reports and the key-note introductions.

The outcome of the TEEB study must be used for strengthening the biodiversity agenda and to bring in other partners in the work. The challenge is to fully make use of its findings.

The discussions in three breakout groups should aim to identify the specific concerns and added value for the pan-European region.

1. The valuation of biodiversity and associated ecosystem services, how can this be developed into a useful tool for improved management of biodiversity in the different parts of the pan-European region?
2. What are the opportunities to strengthen mainstreaming of biodiversity and greening European economies via TEEB outcomes and the concept of payment for ecosystem services?
3. How can enterprises be encouraged to use the results from TEEB and PES to improve the business case for biodiversity in the pan-European region?

#### **Background information:**

##### **TEEB project website**

<http://www.teebweb.org> (only English at the moment)

#### Documents:

The Economics of Ecosystems and Biodiversity - interim report 2008

([http://www.teebweb.org/docs/TEEB\\_English.pdf](http://www.teebweb.org/docs/TEEB_English.pdf)) Also available in other languages:

[en](#) [fr](#) [es](#) [it](#) [pl](#) [cs](#)

TEEB Climate Issues Update, September 2009

<http://www.teebweb.org/LinkClick.aspx?fileticket=L6XLPaoaZv8%3d&tabid>

The main TEEB reports to be published will address the following perspectives:

#### **The science and economics foundations for valuing ecosystem services and biodiversity**

This report will present a framework for scientific assessments of the impacts of policy interventions on biodiversity and ecosystem services, which includes but is not limited to economic valuation. It presents current knowledge on the relationship between biodiversity and the delivery of ecosystem services and goes into appropriate methods for measuring these relationships. It discusses the role and pitfalls of economic valuation of biodiversity and ecosystem services, and presents innovative approaches to dealing with the technical as well as socio-cultural problems related to environmental valuation. The report which will be an assessment of nuances of discounting, macro economics of ecosystem services loss, will present data on the costs and benefits of various policy scenarios, which will make clear that the costs of taking action to stop biodiversity loss are smaller than the costs of failing to do so. The report sets out to put the relevant science into the daily practice as experienced by international and national policy makers, local administrators, and business.

#### **TEEB for National and International Policy Makers**

This report will demonstrate the value of ecosystems and biodiversity to the economy, society and individuals. It will underline the urgency of the problem and illustrate the benefits and opportunities of taking action on the national and international level. It will show how policy makers can take into account the value of ecosystems and biodiversity when developing policies, promote wider use of

existing policy instruments, as well as identify new ones. The report sets out to address the needs of international and national policy makers and others involved in high-level policy making process.

**TEEB for Policy and Public Management at Regional and Local Levels**

This report will demonstrate the implications of policy decisions on ecosystems and biodiversity for regional and local communities and their economies. It will provide telling examples from around the world to provide inspiration for including biodiversity and ecosystem considerations in policy formulation by means of, among others, economic valuation. It will show how assessment approaches can help improve decision-making that will affect biodiversity and ecosystems, and in doing so account for the diversity of regulatory institutions. The report will also provide guidance on how to adequately choose and apply valuation instruments and interpret their results in the face of their technical and socio-cultural limitations. The report sets out to address the needs of regional and local policy makers and others involved in policy making at these levels.

**TEEB for business**

The report will set the economic case for incorporating biodiversity and ecosystem services in business decisions and identify economic tools to help businesses do so. It will offer practical guidance on how to measure and manage the risks of biodiversity and ecosystem losses and explore innovative economic tools for making production processes friendlier to biodiversity and ecosystems. The report will help business leaders identify and grasp new market opportunities that will arise in a world that is increasingly taking action to stop further losses in biodiversity and ecosystem. It will provide business managers with the tools to inform themselves and others about the wider impacts of their decisions, in terms of financial, human as well as natural capital. The report sets out to help business make a successful transition to a 'green' economy.