Valuing nature protects biodiversity and reaps financial rewards

A new global study on the economics of ecosystem services and biodiversity loss suggests that governments can achieve more resilient economies and receive higher rates of return on their public investment strategies when they recognise and target the value of ecosystem services.

A new report highlights the economic consequences of not valuing ecosystem services and biodiversity, whose benefits are frequently economically invisible in public policy and decision making. The world is facing a biodiversity crisis: forests, soils, wetlands, coral reefs and ocean fisheries are being depleted at significant rates, and these assets are being lost without a true understanding or reflection of their value in public policies, or in the accounts of society. Furthermore awareness needs to be raised.

Greater investments are needed to maintain and restore ecosystems and to use these resources more sustainably. Efficient use of scarce resources introduces the need to move away from an unsustainable, high-consumption, high-production way of living towards a sustainable economy. Public policies that include the worth of natural capital can return significant benefits. For example, it cost about US$1 million to plant and protect around 12,000 hectares of mangroves in Vietnam, but this has saved well over US$7 million on annual dyke maintenance and therefore planting mangroves is an alternative action for preventing coastal erosion and losses due to natural catastrophes.

The report highlights four priority areas that need to be urgently addressed:

- To halt deforestation and forest degradation. Policies based on ‘green carbon’ (carbon stored in plants and soils of terrestrial ecosystems including grasslands, forests, wetlands and pasture), such as REDD+ (Reducing Emissions from Deforestation and Degradation, as well as carbon stock enhancement through restoring forest cover and managing forests sustainably), are cost-effective methods of mitigating the impacts of climate change, in addition to protecting ecological services and goods.
- To protect coral reefs from global warming and ocean acidification. Over 20 per cent of coral reefs are seriously degraded, affecting ecosystem services such as fishing, tourism and coastal protection.
- To rescue global fisheries from overexploitation and restore stocks. Commercially exploited fish populations have fallen by over 90 per cent in some parts of the world with an estimated loss of benefits of US$ 50 billion per annum, which is over half the current annual value of landed catch.
- To recognise the link between degradation/loss of natural systems and rural poverty and ensure policies which support the maintenance and provision of the services generated by ecosystems for local people.

Long-term management of natural capital needs better understanding of biodiversity and ecosystem services and the ability to measure them. The researchers analysed existing approaches and recommend the use of science-based indicators to monitor progress and to warn of possible “tipping points” or sudden ecosystem collapse.

The report makes the following recommendations for policy makers:

- Reward benefits through support actions, such as payments for ecosystem services (PES) schemes at local levels to REDD and IPES schemes on a global scale and facilitation of markets.
- Remove environmentally harmful subsidies; global subsidies in key sectors cost about US$1 trillion a year.
- Address losses through regulation and pricing, such as the “polluter pays principle”, and full recovery of costs.
- Adding value through protected areas by increasing their coverage both in land and marine areas and provide funding that will maintain and restore biodiversity and enhance ecosystem services at local, national and global levels.
- Investing in ecological infrastructure as it is often cheaper to maintain the capacity of nature than to restore already overexploited and damaged ecosystems.

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Theme(s): Biodiversity, Environmental Economics, Sustainable development and policy assessment

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To cite this article/service: "Science for Environment Policy": European Commission DG Environment News Alert Service, edited by SCU, The University of the West of England, Bristol.