

UN study highlights the immense economic and social value of ecosystems



Many of the planet's natural assets like coral reefs are degrading at an alarming rate

20 October 2010 – Businesses and policy-makers need to recognize the tremendous economic value of ecosystems, as well as the social and economic costs of losing such natural resources as forests, freshwater, soils and coral reefs, a new United Nations report released today **said**.

The report by the Economics of Ecosystems and Biodiversity (**TEEB**), a body hosted by the UN Environment Programme (**UNEP**), seeks to galvanize the world to recognize the economic consequences of failing to halt the alarming loss of species as a result of habitat loss, pollution and excessive exploitation of ecosystems for financial gain.

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The report was launched at the conference of parties to the UN Convention on Biodiversity (**CBD**) under way in the Japanese city of Nagoya.

"TEEB has documented not only the multi-trillion dollar importance to the global economy of the natural world, but the kinds of policy-shifts and smart market mechanisms that can embed fresh thinking in a world beset by a rising raft of multiple challenges," Pavan Sukhdev, a banker who heads UNEP's Green Economy Initiative.

"The good news is that many communities and countries are already seeing the potential of incorporating the value of nature into decision-making."

The study calls for wider recognition of nature's contribution to human livelihoods, health, security and culture by decision-makers at all levels.

Countries such as India have already announced plans for implementing the economic valuation of their natural capital, as well as the value of nature's services in decision-making, according to the study.

"TEEB's approach can reset the economic compass and herald a new era in which the value of nature's services is made visible and becomes an explicit part of policy and business decision-making. Do nothing, and not only do we lose trillions worth of current and future benefits to society, we also further impoverish the poor and put future generations at risk," said Mr. Sukhdev.

The report spells out three scenarios – a natural ecosystem (forests), a human settlement (city) and a business sector (mining) – to illustrate how the economic concepts and tools described in TEEB can help equip society with the means to incorporate the values of nature into decision-making at all levels.

With more than half of the world's population now living in urban areas, cities have a crucial role to play in acknowledging the natural capital required to maintain and improve the well-being of their residents.

Innovative economic instruments and policies are emerging that reward good practice. For example, Nagoya has implemented a new system of 'tradeable' development rights whereby developers wishing to exceed existing limits on high-rise buildings can offset their impacts by buying and conserving areas of Japan's traditional agricultural landscape, according to the report.

Discounts on bank loans for buildings that receive a higher star rating based on a green certification system designed by Nagoya city authorities also create incentives for more green space within city projects.

An important finding of the study is the contribution of forests and other ecosystems to the livelihoods of poor rural households, and, therefore, the significant potential for conservation efforts to contribute to poverty reduction.

It has been estimated that ecosystem services and other non-marketed natural goods account for 47 to 89 per cent of the so-called "Gross Domestic Product of the Poor" – the total sources of livelihoods of rural and forest-dwelling poor households – in some large developing countries.

"In the past only traditional sectors such as manufacturing, mining, retailing, construction and energy generation were uppermost in the minds of economic planners and ministers of finance, development and trade.

"TEEB has brought to the world's attention that nature's goods and services are equal, if not far more central, to the wealth of nations including the poor – a fact that will be increasingly the case on a planet of finite resources with a population set to rise to nine billion people by 2050," said Achim Steiner, UNEP Executive Director.

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