

The Economics of Ecosystems and Biodiversity

Pavan Sukhdev

Deutsche Bank's Global Markets business – India

Conference

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The *Millenium Ecosystem Assessment* (MA) gave legitimacy to the concept of ecosystem services, which helps capturing the complex relationships between nature and societies. It generally leads to the idea that associated costs and benefits are insufficiently integrated in public and private decision making. Therefore, many experts and stakeholders, from environmental NGOs to private companies and international organisations, call for the development of economic valuation of biodiversity and ecosystem services, so that societies can eventually put a price on what they value so highly but protect so poorly. If they may be part of the solution, such economic valuations also raise numerous questions in theory and practice.

At the meeting of the environment ministers of the G8 countries and the five major newly industrialising countries that took place in Potsdam in March 2007, the German government proposed a study on “*The economic significance of the global loss of biological diversity*” as part of the so-called “Potsdam Initiative” for biodiversity. Endorsed by G8+5 leaders at the Heiligendamm Summit on 6-8 June 2007, this proposal was based both on the MA results and on the experience of the Stern review on the economics of climate change, which had considerable impacts on the media, the public opinion and political leaders.

With this in mind, the German Federal Ministry for the Environment and the European Commission, with the support of several other partners, jointly initiated a global study called “*The Economics of Ecosystems & Biodiversity*” (TEEB). Mr Pavan Sukhdev was appointed as the independent Study Leader, assisted in his task by an Advisory Board consisting of prominent experts.

The study evaluates the costs of the loss of biodiversity and the associated decline in ecosystem services worldwide, and compares them with the costs of effective conservation and sustainable use. It is intended that it will sharpen awareness of the value of biodiversity and ecosystem services and facilitate the development of cost-effective policy responses, notably by preparing a “valuation toolkit”.

The work is divided in two phases. Preliminary findings from the first phase have been presented by Minister Gabriel, Commissioner Dimas and Mr. Sukhdev at the High-Level Segment of the Ninth Conference of the Parties to the Convention on Biological Diversity (CBD COP-9) in Bonn, Germany, in May 2008, in the form of an interim report. The second, more substantial, phase of the study will run into 2009, and its final results will be presented at CBD COP-10 in 2010.

Although the parallel with the economics of climate change is inspiring, what is at stake respectively in the Stern and the “Sukhdev review” varies quite considerably. This invites in-depth discussions on several issues that should be examined both in a comparative approach and separately. It includes the structures of the problem (climate change on the one hand, biodiversity erosion on the other), the organisation of associated scientific and advocacy communities, the state of the art in economic science, the way stakeholders appropriate and use economic information, etc. More broadly, the links between biodiversity and ecosystem services, and between the economic valuation of both, need to be discussed.

Speaker: **Pavan Sukhdev** will present the TEEB process and introduce preliminary results as well as challenges ahead.

Panellists: * **Michel Trommetter** will discuss the scientific robustness of TEEB and point out specific issues and challenges associated with intellectual property rights.
* **Claude Henry** will draw lessons from a comparison between the TEEB process and the Stern Review from which it was inspired.
* **Laurent Mermet** will discuss the use that stakeholders (may) make of economic valuations of biodiversity in decision making and negotiation processes.

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