



Achieving the targets of the EU Biodiversity Strategy – the role of business and NGOs

Working Paper for the workshop on *Running business in a resource constraint world* prepared by Global Nature Fund

The EU Biodiversity Strategy foresees an increased mainstreaming of biodiversity in the business sector. This calls for innovative solutions and approaches, where it is possible to find common interests and goals for NGOs and businesses.

The targets of the EU Biodiversity Strategy

In order to halt the loss of biodiversity and the degradation of ecosystem services by the year 2020, the strategy sets six targets. A (1) full implementation of the Habitats and Birds Directive, (2) the maintenance and restoration of ecosystems and their services should be achieved. A more (3) sustainable agriculture and forestry, as well as (4) fisheries are among the targets. Moreover, the EU will (5) combat invasive alien species and (6) step up the EU's contribution to averting global biodiversity loss.

What does the strategy say about business and biodiversity?

In the presentation of the strategy paper, the Commission emphasised the importance of biodiversity to business. It was stressed that the private sector plays a substantial role in maintaining biological diversity. Making reference to the Economics and Ecosystems Biodiversity (TEEB) report, it was recommended that the value of ecosystems and ecosystem services will be taken into account in commercial decisions and in company operations. The Commission highlights the role of the economy in attaining resource efficiency and the creation of new jobs and business models. It puts reference to the EU Business@Biodiversity Platform.

Furthermore, the strategy emphasises the importance of offsetting and compensation measures for intervention in biodiversity and the use of natural resources. By 2015 a "No Net Loss" initiative, will be established to ensure the maintenance and restoration of ecosystems and its services.

Taxes or duties on the use of natural resources, particularly new incentives for the protection of resources, are also considered as possible steps towards a future biodiversity-friendly market economy as part of the reform, eliminating environmentally harmful subsidies.

Resume

Overall the strategy is a step in the right direction. It is, however, not yet truly a success story. Without clear guidelines and commitment across all policy areas, it will be difficult to achieve the targets. There are still many open questions in relation to the financing of the actions as well.

Clarification of the political, legal and financial parameters is required to ensure that the private sector will contribute across all sectors to achieving the 2020 targets.

GNF would like to highlight in this paper particularly the issue of a framework for corporate valuation and accounting of biodiversity and ecosystem services.

Two paths of action are possible and reasonable. Valuation can be either driven by the legal requirements in a top-down way or by the companies themselves. The EC and member states can

make increasingly use of market-based instruments such as payments for ecosystem services, trading schemes, environmental taxes or charges, thus implicitly valuing ecosystems and increasing the costs of their use. Another line of action could be to ratchet the requirements on reporting on biodiversity and ecosystem services up, starting with the most important aspects that can be valued without extensive studies.

From the bottom-up perspective companies can conduct corporate ecosystem valuation studies of their own and include the results in their profit and loss account or balance sheet. This would be a starting point of internalizing environmental costs, an inclusion of BES in the decision making and the opening new green business opportunities. To foster this development a standardized methodology of valuing ecosystems and its integration needs to be put in place to make this instrument more robust and applicable.

Furthermore, the issue of No Net Loss (NNL) needs further discussion. GNFs position, which has been shared with FoEE and is as follows

- NNL should be of high quality and hence be a legally binding instrument
- NNL must be complementary/additional to existing EU legislation. It can only be applicable outside / on top of Natura 2000 and of the regulations of the Environmental liability directive.
- Focus should be on ecosystems and their good status, not on their services. Intact ecosystems will supply the typical ecosystem services
- Compensation can take place in another region of country – if the compensation benefits clearly the same type of ecosystem or species damaged
- Compensation should only be possible if the measure cannot be avoided at the location foreseen
- Sufficient funding must be allocated for the measures to be implemented.

Some general questions to be discussed at the meeting:

BUSINESS: What are the main obstacles that businesses meet in the implementation of a corporate biodiversity strategy supporting the EU Biodiversity strategy? What solutions exist in the business sector to overcome those obstacles? What are the challenges that businesses face in issues such as measuring and valuing of biodiversity and ecosystem services. What are the recommendations of businesses for EU policy forming and future cooperation in biodiversity issues? What should be the role of the EU Business and Biodiversity (B&B) platform and other initiatives (B&B)? How can it contribute to positive incentives for costumers to buy sustainable products? How can the costs be internalized?

NGO: What are the NGO views and proposals related to the performance and reporting of businesses towards biodiversity? What is the NGO perspective related to topics such as no net loss and corporate valuation? Can offsetting and compensation contribute to the EU 2020 targets?

For corporate ecosystem valuation numerous questions arise: What role can NGOs play? Does it help to highlight new business opportunities? Is ecosystem valuation a sensible tool that should be supported, particularly when it comes to monetising the value? What can NGOs offer to make progress in this field? What are the next steps (e.g. tax?)

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