



ECONOMY & FINANCE

GLOBAL YOUTH BIODIVERSITY NETWORK EUROPE

The latest Living Planet Report¹ released by WWF in 2020 comes close to finding the words to describe the relationship between the degradation of the biosphere and the economy, but fails to hit the nail on the head. While the section signed by Inger Andersen, the Executive Director of UNEP, clearly points out to the need of rethinking and reshaping the “*standard models of economic growth and development*” and reflecting on the fact that “*our current economic systems, fuelled by unsustainable production and consumption, would require 1.75 Earths*”, the overall report shies away from naming the elephants in the room: the mainstream economic system that encourages different sectors to simply maximize profit² and the unaddressed blindspots of the green growth narrative³. The reluctance to name the capitalistic economic system, within which 25 corporate and state-owned entities⁴ have operated to produce more than half of global industrial emissions produced in the last decades, is harmful. Such an approach largely and falsely assumes⁵ humanity as a homogenous group with equal access to resources and equally responsible for biodiversity and the climate crises.

Abstract references to “production”, “consumption” and “humanity” cannot be the foundation of developing biodiversity and sustainability policies that focus on human well-being and ecosystem restoration⁶. The language we use to approach these discourses and translate them into actions, needs to be transformative in nature. For example, the widely welcomed Dasgupta Review⁷, has faced equally wide criticism for, among others, utilizing language directly deriving from neoliberal economics to frame ecosystem degradation and for not providing enough data to robustly support its flagship idea of allocating nature an economic value^{8,9}.

The debates regarding the relationship of biodiversity, policy and economics appear to be moving beyond their usual academic and civil society spaces. For example, a recent publication by the European Environmental Agency¹⁰ has provided an endorsement to altering the narrow focus on Gross Domestic Product (GDP) – a development that we can only consider as hopeful. The thorough analysis conducted by the report indicates, among other findings, that there is no empirical evidence to

support that economic growth is ever likely to be decoupled from the associated environmental pressures¹¹, as the green growth is suggesting^{12,13}. Furthermore, in 2020, already a few months into the COVID-19 pandemic, WWF EU, released a comprehensive report responding to the recovery package proposed by the EU which is not in line with a “green recovery”¹⁴. Among others, the WWF report highlights that the EU needs to move beyond the green growth narrative, while at the same time urges policy-makers to shift towards a “wellbeing economy” which prioritizes human and ecological wellbeing over GDP¹⁵. This approach, largely influenced by the post-growth discourses in academic circles, has been supported in 2019 by Member States¹⁶ and in 2020 by the European Commission’s Strategic Foresight Report¹⁷.

Our current economic system and the constant pursuit of profit and growth have led us to consider the Earth, and thus biodiversity, as an infinitely exploitable asset¹⁸. In this policy brief we aim to take a quick look at the European ambitions for “putting nature on path to recovery”, as well as briefly explore diverse discourses and routes of addressing the relationship between biodiversity and economics that should be considered from policy-makers in scenario planning for a sustainable future. A case study on pollinators is presented to highlight the intimate relationship between nature, our well-being and our economy.

Ambitions for “living in harmony with nature” and the biodiversity funding gap

The need to change and restructure our economic system in order to protect the environment does not only come from narratives challenging the idea of green growth. Rather it appears to also be present in the spaces predominantly undertaken with efforts to protect our economies. In the latest World Economic Forum Global Risk report,¹⁹ the top 5 risks by likelihood are, for the first time, all environmental risks: extreme weather, climate action failure, human environmental damage, infectious diseases and biodiversity loss. The perverse subsidies that we have allocated to activities which are harming, if not destroying, entire habitats and ecosystems are at the root of

the crisis and must undergo a dramatic shift²⁰. To achieve the 2030 mission of putting nature on a path to recovery and the 2050 UN vision of “living in harmony with nature” governments must redirect all economic incentives towards nature-positive practices, as well as dedicate a substantial new number of resources to protect and restore biodiversity²¹.

This shift has gained political momentum over the last few years, both at regional and international level. The Parties to the UN Convention on Biological Diversity are indeed discussing targets to align their economic and financial systems to the objectives of the Post-2020 Global Biodiversity Framework. Furthermore, in an unprecedented decision²², the United Nations decided to include nature contributions in their framework measuring economic prosperity and human well-being.

At the EU level, the von der Leyen Commission has placed the environment at the heart of its mandate through the European Green Deal and in the shaping of the Next Generation EU. As a testimony of that, the EU Biodiversity Strategy²³ to 2030 commits to dedicate at least €20 billion a year to nature, a significant proportion of the 25% of the EU budget dedicated to climate action to biodiversity and nature-based solutions, as well as establishing a dedicated natural-capital and circular-economy initiative capable of mobilising at least €10 billion over the next 10 years under the InvestEU scheme²⁴. The National Recovery Plans, on the other hand, will have to set aside at least 37% of their total to the green transition²⁵.

The European Union is also showing its will to better finance biodiversity with the new Multiannual Financial Framework (the EU budget) which from 2024 will spend 7.5% of the annual EU budget on biodiversity and from 2026, this biodiversity expenditure will rise to 10%.²⁶ Nonetheless, everything that shines isn't always gold. Stark resistances towards a nature-positive economy are at work to prevent changing an economic model which is favouring specific actors, as in the case of the EU sustainable finance platform²⁷.

Staying within planetary boundaries

The debate on how to achieve and sustain wellbeing while remaining within the planetary boundaries²⁸ from an ecological and economic perspective, is a fairly rich one. Taking into consideration that economics can be an overwhelming area to get into and in order to help the people entering this space for the first time, in this section we are presenting in a nutshell four sets of concepts that attempt to provide the means for fostering an equitable society, stewarding a healthy planet and moving towards a clean and resilient economy.

As mentioned in our introduction to this booklet, the purpose of these briefs is not only to inform decision-makers about the youth's priorities, but also to support our members that are eager to learn more about how biodiversity interconnects with different areas of policy.

Governing Commons & The Tragedy of the Commons

The economic theory of the “tragedy of the Commons” was introduced to science by Hardin (1968)²⁹. It refers to the simple theory that if multiple people have open access to a public resource, they will inevitably deplete it because the individual benefit is much higher than the shared cost. However, there are ways to manage this. Ostrom³⁰ presented 8 guiding principles for how a common resource can be well managed, including clear definitions for users and non-users which fit to the local social and environmental context and a monitoring system for accountability.

Such principles are in line with custodianship as practiced by Indigenous Peoples who have been better at conserving their lands as government regulated conservation areas³¹. However, the larger the scale of the common resource, the more difficult it is for people to see themselves as part of a custodian community. For example, global commons like the high seas and the atmosphere need effective governance strategies which ensure a sense of ownership and/or ensure the cost to the actors of depleting the resources are greater than the benefits.

Green Growth & Degrowth

Green growth is commonly understood as the theory proposing that economic growth (as measured by GDP) can be decoupled from carbon emissions and exploitation of natural resources³². Green growth has been promoted in policy over the last decade, especially after its spotlighting at the 2012 Rio+20 Conference^{33,34}. UNEP has strongly proposed that green growth is feasible only with the absolute decoupling between GDP and environmental impact³⁵.

On the other hand there is degrowth suggesting that throughput (extraction, transport, distribution and use of energy and materials) cannot be reduced to the extent needed to address the biodiversity and climate crises, while maintaining a growing GDP^{36,37}. Instead, sustainable degrowth puts forward the idea that it is feasible to achieve both a macro-level transition for economic and political institutions and a micro-level transformation of personal values^{38,39}. The growing chorus around degrowth narratives and altering the dependence of our societies on growth measured by GDP - while focusing on well-being, conviviality and social changes towards sufficiency instead of purely technological changes - could offer policymakers the tools and confidence to address both the people's needs and the ecological limits^{40,41}.

Circular Economy

The European Commission adopted the new Circular Economy Action Plan (CEAP) in March 2020, as a major part of the EU Green Deal to ensure climate neutrality by 2050⁴². The objective of the CEAP is to accelerate the transition of the economy to a regenerative growth model and sustain all human activities within planetary boundaries^{43,44}. According to the Ellen MacArthur Foundation (EMF), the circular economy is “*based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems*”⁴⁵.

To connect the theory with the practice, the EMF & Kate Raworth's Doughnut Economics (DE)⁴⁶ focus on developing insights and learnings on how to move beyond the current linear economy model. Among other issues to be addressed, the DE & EMF conclusively state that in order to stay within the planetary boundaries, societal and environmental factors need to be embedded in our economic models, the public and private sectors should be reformed to reduce production waste and pollution, as well as to curb the extraction and use of finite resources, and the living systems must be regenerated (DE ActionLab, EMF learning hub)^{47,48}.

Natural Capital & The Value of Nature

Even traditional economic institutions are starting to realise that the environment is an asset that we have and continue to horribly mismanage, leading us to the ecological crisis of today. The OECD defines⁴⁹ natural capital as “Natural assets in their role of providing natural resource inputs and environmental services for economic production”, while the Natural Capital Coalition (NCC) has a more nuanced understanding of the context defining it as “the stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people”⁵⁰. The Dasgupta review⁵¹ acknowledges how our economies are embedded in nature and not external to it. Another key framework is the Natural Capital Protocol⁵², developed by the Natural Capital Coalition, which provides organisations with a methodology to identify, measure and value their direct and indirect impacts and dependencies on natural capital.

The EU has also been quite engaged in developing methods for Natural Capital Accounting⁵³, for example through its INCA project⁵⁴, and most recently the European Commission announced that it would propose the revision of the Regulation on European Environmental Economic Accounts (EEEA)⁵⁵ to expand its coverage to include a new module on natural capital accounting, following the recommendation⁵⁶ of the European Court of

Auditors. While some fear that renaming nature with economic terms will further distance us from an ecocentric view of our planet, those in favour of INCA see it as an opportunity to make nature conservation more appealing to other sectors and stimulate green investments.

Regardless of whether one is in favour or against the financialization of nature, it is clear that natural capital accounting has been systematically and grossly undervaluing the value of nature, natural resources and ecosystem services, with major impacts on decision making⁵⁷.

Case study: the pollinators of Europe

Animal pollinators (insects, bats, birds) play a key role in maintaining healthy ecosystems, and contribute to food production as crops require animal pollinators⁵⁸. Bees alone provide an ecosystem service in the form of crop pollination estimated to be 22 billion Euros a year in Europe⁵⁹. Our current economic models and financing schemes incentivise practices that are harmful to pollinators. A good example is the oil production with the monoculture of canola, whose yield is increased with bee pollination⁶⁰. While the crop is in full bloom, an enormous part of the landscape will turn yellow, and we can enjoy looking at and taking pictures of.

However, for pollinators, there is a bitter-sweet consequence. When the fields all bloom at once there is a bee buffet. After blooming, an incredibly extensive area in the landscape is left with nothing, meaning that bees will starve unless nearby food sources (e.g., pockets of natural vegetation, or other flowering crops) are made available within reaching distance from their nest (depending on the bee species and their size, they can travel up to 500 m and 1.5 km)⁶¹. Due to pesticide use, climate change and habitat loss, insects (and therefore many pollinators) have been dramatically declining. Politicians, businesses and the public are realising the dire consequences this can have environmentally and economically. Multiple citizen engagement initiatives, new policies and business collaborations are attempting to

tackle this issue, including the EU pollinators initiative and the IUCN Guides to Conserving Pollinators⁶².

GYBN Europe Priorities

Moving beyond green growth

Building upon a growing literature that points out the lack of evidence for the potential of an absolute decoupling of GDP growth from all environmental impact, GYBN Europe supports that policy makers in Europe should explore ecological, including but not limited to biodiversity conservation and restoration, as well as social welfare paradigms that shift away from a GDP focused economic growth. Echoing the 2019 EEB publication “Decoupling Debunked”, GYBN Europe urges European policy makers to encourage the developing diversity of alternative discourses to the green growth narrative. Such an endeavour could potentially support policy makers with novel tools to design, implement and evaluate ambitious policies, in order to foster and pursue sufficient and transformative change.

Redirecting harmful subsidies

It is not feasible to reform our economic system in a way that benefits biodiversity and human wellbeing if governments and international institutions continue to derogate harmful subsidies to biodiversity. GYBN Europe, is calling for an immediate halt to all incentives and subsidies across all sectors, including but not limited to mining, oil and gas extraction, food production and others, that do not have a positive impact on nature and redirect them to nature conservation and restoration. In establishing which activities should not be supported, both direct and indirect drivers of biodiversity loss should be addressed.

Addressing production & consumption

Among the themes put forward by young people around Europe that contributed to GYBN Europe’s report “A Summary of the European Youth Perspective on Biodiversity” is addressing unsustainable production and consumption as one of the main drivers of biodiversity loss and ecosystem degradation. GYBN Europe encourages policy makers to

introduce regulations, laws and nature-positive incentives that can address the unsustainable production practices of several sectors, including but not limited to food systems, transportation and energy sources, that harm the European landscapes and seascapes as well as contribute to externalizing land demands through trade deals. At the same time policies and regulations should make sustainable choices more affordable to all and support European citizens in having access to transparent information.

