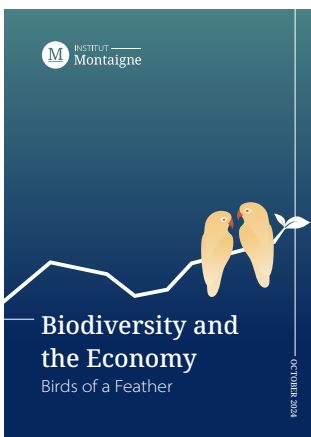


REPORT - October 2024

Biodiversity and the Economy

Birds of a Feather



This report is based on a twofold observation: the rapid collapse of biodiversity due to human activities, and the chronic underestimation of the effects of this collapse on the resilience of societies.

Marked by mass species extinction, a reduction in genetic diversity, and the degradation of ecosystems, the accelerating erosion of biodiversity is primarily due to five human-driven pressures: changes in land use, over-exploitation of resources, pollution, climate change, and invasive alien species. These pressures, and the resulting decline in biodiversity, ultimately threaten the Earth's habitability for the human species.

While 50% of the world's GDP directly depends on biodiversity, the significance of its erosion remains poorly understood. Furthermore, it is often overshadowed by the climate crisis, which is better recognized due to the existence of aggregate indicators to quantify it. The overrepresentation of climate issues in public debate sometimes leads to an underestimation of the efforts needed to preserve biodiversity. The fight against climate change can, in fact, lead to the implementation of solutions that inadvertently harm biodiversity, further hindering the crucial role biodiversity plays in regulating the climate, such as mitigation and adaptation solutions to climate change, including carbon sequestration, reduction of drought and erosion risks, etc.

This underestimation is due to conceptual and methodological challenges. On a conceptual level, the notion of human beings as living in an urban environment, entirely separate from the ecosystems from which they exploit resources and derive benefits, reduces nature to a disembodied concept, and fosters various social and political fantasies. From a methodological perspective, the difficulty in defining aggregate indicators to quantify the services provided by nature, as well as the positive or negative impacts of human activities,

has contributed to inaction or fragmented efforts, hindering effective and efficient action.

A collective awareness, shared by businesses and citizens alike, is essential to implementing solutions that reconcile climate and biodiversity. Constraint and setting examples have fed improvement. Non-financial reporting was a first step toward integrating biodiversity into strategic planning. The second step involves building indicators, although the complexity inherent to living systems makes the creation of a single indicator, similar to CO₂-equivalent metrics, unrealistic. However, some indicators have been developed to help companies measure their biodiversity footprint in order to set a path for reducing pressures. The third step involves integrating biodiversity into private sector decision-making. This requires mapping the issues, dependencies, and risks involved for businesses. Indeed, the ecosystem services that biodiversity provides for free today are largely overlooked, be it economically or in the social consciousness.

Although biodiversity preservation is mainly perceived as a constraint, it can quickly become an opportunity for economic development, one that economic players need only seize and capitalize on. Mechanisms and initiatives designed to manage resources sustainably, such as payments for environmental services or the development of nature-based solutions, must, however, be further explored and complemented.

Recent legislative developments, such as the entry into force of the CSRD, should allow for an initial analysis of the risks, opportunities and impacts across the entire value chain of human activities.

The consequences of biodiversity decline on food, health, and industrial sovereignty also argue in favor of strengthening biodiversity-related criteria in trade agreements, with the aim of making biodiversity a component of European extraterritoriality. The competitiveness of businesses will be dependent on biodiversity preservation, thus requiring further development of environmental and economic diplomacy. It is therefore up to the public authorities to support the changes brought about by private players, to better integrate biodiversity in their business models.

While the private sector seems increasingly committed to preserving biodiversity, it continues to struggle to highlight its actions: labels, certifications and philanthropic initiatives, all suffer from a lack of visibility and credibility. The COP15 on Biodiversity, held in Montreal at the end of 2022, marked the high point in terms of the shared responsibility of states and businesses, both of which have committed to achieving specific targets for reducing strains on biodiversity.

In the medium term, ecosystem preservation and business resilience will become imperative, calling for a coherent legislative and fiscal framework at both national and international levels. Harmonizing fiscal measures, some of which go against the objectives of the COP15 on Biodiversity and of the National Biodiversity Strategy, is a priority. To mitigate increased risks of vulnerabilities and inequities between players, it is essential to account for potential social consequences and provide targeted support for the most vulnerable regions and citizens if we are to ensure the effectiveness and social acceptability of these policies.

Aware of the challenges, difficulties and opportunities related to achieving the COP15 objectives, Institut Montaigne sought to explore the interdependencies between biodiversity and the economy. We believe these two sectors to be inextricably linked.

Based on this observation, this report recommends that the first course of action be the creation of a European biodiversity framework capable of effectively distributing responsibilities between public and private players. Such a framework would require a scientific definition of the key concepts as a starting point. This shared foundation would enable biodiversity to be considered at all necessary levels of decision-making (public authorities, private entities, citizens, etc.) and would facilitate synergies between stakeholders. Indeed, reducing strains on biodiversity, which is the ultimate goal of COP15, will require the development of stronger synergies between public and private players, particularly at the local level, through experimentation, and technical and organizational innovation. The planetary boundaries and their application at local levels certainly illustrate the opportunities, risks,

and constraints within which these players can operate and benefit from their environment, both as a living space and an economic framework.

Supporting the integration of biodiversity into resource management and economic models is the second imperative. This involves compensating for additional measures taken by businesses, including agricultural ones, in favor of biodiversity. In particular, the mechanism for payments for environmental services will need to be improved, and citizens should be encouraged to help tackle conservation challenges through the French mechanism of Real Environmental Obligations (ORE). Gradually, biodiversity preservation or restoration actions should be seen not as additional costs but as investments in natural capital, essential for the sustainability of businesses. Those who fully commit to this approach should be able to benefit from opportunities in the national market, through public procurement, and internationally, supported by ambitious commercial and economic diplomacy. Finally, the development of a voluntary biodiversity credits market deserves careful analysis to avoid the pitfalls of the voluntary carbon market.

This implies anticipating both opposition and new vulnerabilities, arbitrating as far upstream as possible the conflicts of use that will arise from a scarcity of resources, and deploying an environmental police force whose mission will be both to raise awareness among private entities and to crack down as severely as possible on environmental crime.

Such momentum cannot be sustained without the social acceptability of biodiversity protection measures. Reducing strains and promoting equity must guide public policies in this area. This requires anticipating both opposition and new vulnerabilities, arbitrating usage conflicts arising from resource scarcity as early as possible, and deploying environmental law enforcement to both raise awareness among private players and to punish severely those who commit environmental crime.

Axis 1

Build a European framework for biodiversity that effectively allocates responsibilities between public and private stakeholders.

RECOMMENDATION 1

Establish scientifically based definitions of key biodiversity concepts, to build a common European framework and promote its adoption at an international level. Drawing on the most up-to-date scientific knowledge, define concepts of “good ecosystem status,” “positive biodiversity,” “no net loss,” and “protected” and “restored” areas, at European level. This common European framework should be promoted at biodiversity COPs with a view to have it adopted at the global level. It should also highlight climate-biodiversity synergies and incorporate the application of planetary boundaries at the territorial level.

RECOMMENDATION 2

Coordinate the distribution of responsibilities between the public and private sectors on an ecological territories level, by placing greater emphasis on biodiversity in local planning instruments. By leveraging existing administrative bodies and ensuring the simplification of decision-making processes and funding channels, extend the governance of public commons to include businesses and civil society.

Axis 2

Promote the integration of biodiversity in economic models.

RECOMMENDATION 3

Shift the value paradigm by introducing biodiversity as an economic driver of prosperity and by focusing on innovation. As a factor of business resilience, biodiversity must attract greater and better-targeted public and private investments, particularly in actions that have positive joint impacts on climate, biodiversity, and the water cycle. Innovations enabled by biodiversity (nature-based solutions), aimed at alleviating strains on biodiversity or improving our understanding of it (environmental DNA), as well as those that contribute, for instance, to restoring the water cycle, offer economic opportunities that should be encouraged. At the same time, the consideration of biodiversity in corporate governance must be strengthened, within the existing framework of the CSRD and the SBTN methodology. Given France's leadership in this area, efforts should be made to ensure these standards become the global benchmark.

RECOMMENDATION 4

Assign financial value to commitments favoring biodiversity. Biodiversity goes beyond simple management issues and is not limited to the activities of companies alone; it requires an integrated, collective, and large-scale response through the expansion of payments for environmental services, Real Environmental Obligations (ORE), and the development of state-backed bank loans. As a lever for promoting biodiversity and a symbol of public authorities' leadership on the matter, public procurement should specifically include a biodiversity criterion.

Axis 3

Strengthen the social acceptability of biodiversity conservation measures.

RECOMMENDATION 5

Promote fairness in biodiversity conservation measures to ensure their acceptability. Enhance the social acceptability of biodiversity preservation by first moving away from punitive environmental policies, and then experimenting with local redistribution mechanisms to balance the disparities arising from the scarcity of resources (land, water, etc.).

RECOMMENDATION 6

Raise awareness and mobilize stakeholders to preserve biodiversity. Environmental issues are too often seen as constraints on established rights or obstacles to unrestricted consumption. A shift in collective perceptions is necessary and cannot rely solely on scientific awareness. This shift should be based on the creation of new narratives and, at the same time, help the environmental police evolve towards educating users about the strains on biodiversity.
