

### Economic Policy and the Environment: Opportunities for LINK A workshop for LINK members and taskforces organised by the Economics Taskforce

#### 18 February 2015

#### Methodist Church, Nicolson Square, EH8 9BX

9:30 - 10:00	Registration & coffee/tea			
10:00 - 10:20	Economics and the environment	Matthew Crighton		
10:20 - 10:40	LINK's engagement with economics Phoebe Cochran			
10:40 - 11:30	Breakout groups: Taking stock and aspirations for LINK			
11:30 - 11:45	Tea/coffee			
11:45 - 12:15	What tools does Government use in policy formation/decision making to take account of environmental issues	Scottish Government: Sally Thomas		
12:15 - 12:30	Q&A on SG's presentation			
12:30 - 13:30	Lunch			
Plenary session: Assessing and valuing the environment's contributions to humankind – a useful approach or a dangerous concept?				
		ions to numanking –		
		Marc Metzer and Bruce Wilson		
a useful approa	ch or a dangerous concept? The assessment of ecosystems services, natural	Marc Metzer and		
a useful approad 13:30 - 14:00	ch or a dangerous concept? The assessment of ecosystems services, natural capital and natural capital accounting Case study 1: How the use of ES/NC has helped	Marc Metzer and Bruce Wilson		
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Members are invited to prepare for this workshop. Please read *Environment and the Economy: Helping Scotland to Flourish* at <u>http://www.scotlink.org/files/policy/PositionPapers/LINKHelpingScotlandFlourish.pdf</u> and two Flourishing Scotland papers: *Economic Policies and LINK* and *Sustainable Development and Related Concepts* which are both at <u>http://www.scotlink.org/member-docs/internal-reports/</u> Additionally, useful articles on ecosystem services and natural capital can be found at:

http://www.theguardian.com/environment/georgemonbiot/2014/jul/24/price-nature-neoliberal-capital-road-ruin http://www.theguardian.com/sustainable-business/natural-capital-neoliberal-road-ruin-george-monbiotexperts-debate

http://www.theguardian.com/sustainable-business/blog/framing-natural-capital-economy-ecology-notcompetition

### Participants registered for ETF workshop 18 Feb 2015

# LINK's Engagement with Economics

Phoebe Cochrane Scottish Environment LINK



The voice of Scotland's environment community



# Contents

 Features and characteristics of our neoliberal market economy

• Fiscal policy and the use of land

• The Scottish Economic Strategy

• Specific developments and CBA

# Features and characteristics of our neo-liberal market economy

### Quest for growth and GDP



 Scottish Government's National Performance Framework

#### NATIONAL PERFORMANCE FRAMEWORK

#### THE GOVERNMENT'S PURPOSE

TO FOCUS GOVERNMENT AND PUBLIC SERVICES ON CREATING A MORE SUCCESSFUL COUNTRY, WITH OPPORTUNITIES FOR ALL OF SCOTLAND TO FLOURISH, THROUGH INCREASING SUSTAINABLE ECONOMIC GROWTH

#### HIGH LEVEL TARGETS RELATING TO THE PURPOSE

GROWTH PRODUCTIVITY PARTICIPATION POPULATION SOLIDARITY COHESION SUSTAINABILITY

STRATEGIC OBJECTIVES							
	WEALTHIER & FAIRER	SMARTER	HEALTHIER				
	We live in a Scotland that is the most attractive place for doing business in Europe						
	We realise our full economic potential with more and better employment opportunities for our people						
	We are better educated, more skilled and more successful, renowned for our research and innovation Our young people are successful learners, confident individuals, effective contributors and responsible citizens						
	Our children have	e the best start in life and a	re ready to succeed				
ß	We live longer, healthier lives We have tackled the significant inequalities in Scottish society						
NATIONAL OUTCOMES							
AL OU	We have improved the life chances for children, young people and families at risk						
VI ON	We live our lives safe from crime, disorder and danger						
Ž	We live in well-de	esigned, sustainable places v	where we are able to acce	ss the amenities and serv	rices we need		
	We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others				rown actions		
	We value and enjoy our built and natural environment and protect it and enhance it for future generation						
	We take pride in a strong, fair and inclusive national identity						
	We reduce the local and global environmental impact of our consumption and production						
	Our public service	es are high quality, continua	Ily improving, efficient ar	d responsive to local peo	ple's needs		

# Review of NPF and LINK

- Roundtable
- LINK asking for:
- Purpose wording to be changed
- The environmental indicators and measures to be better
- Appropriate indicators to be included to ensure that Scotland is performing within the constraints of sustainable development.

# Finance and investment

- A vital part of market based economies
- Growth of financial sector
- Characterised by short-termism
- Guided by credit ratings
- LINK and LINK member activities



# Market failure and externalities

- Environmental or social cost or benefit experienced by a third party
- Market based instruments (MBIs)
- Payment for ecosystem services



• LINK members and partnership projects

# Fiscal policy and the use of land

- Aims of fiscal policy
- Fiscal policy and the use of land
- Land reform and proposed changes



- CAP
- LINK engagement

# Scottish Economic Strategy

- Supporting business environment
- Transition to a low carbon economy
- Learning, skills and wellbeing
- Infrastructure development and place
- Effective government
- Equity
- National Planning Framework 3: The spatial expression of the Government's economic strategy
- Natural environment recognised as a valuable asset in the Economic Strategy and Planning Framework.

Scotland's rich and diverse natural environment is a national asset and a source of significant international competitive advantage. We trade on its quality so its continuing health and improvement is vital to sustainable economic growth. Scotland's growth sectors tourism and food and drink depend on high quality environment.

# LINK engagement

- Input to Planning Policy and Guidance
- Highlighting where enhanced environment can contribute to strategic priorities:
- $\diamond$  Contribution of environment to priority sectors
- $\diamond$  Woodlands and wellbeing
- ♦ Equity
- ♦ Infrastructure



# Individual developments and CBA

- Working to minimise the environmental harm of individual developments
- Using economic studies to highlight the value of the environment



### THANK YOU FOR LISTENING



environment community



# Economic instruments and market regulation in CAP, CFP and energy policy

- CAP significant subsidy levels
- CFP market regulation through quotas
- Energy policy 'Renewable Obligations Certificates' and 'Contracts for Difference'



### The Assessment of Ecosystem Services a quick overview

### Marc Metzger The University of Edinburgh ESCom co-chair



# What are ecosystem services?

"the benefits people obtain from ecosystems"

"probably the most important trend in conservation science at the moment" (McCauley, 2006)

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"probably the most important trend in conservation science at the moment" (McCauley, 2006; 27)



## **Ecosystem Services**



#### ECOSYSTEMS AND HUMAN Well-being

Synthesis









Getting the best from our land A land use strategy for Scotland

### A living landscape

Adaptation to climate change Sustainable local economies Abundant wildlife Healthy cities and green space for all



to scotland



Synthesis of the Key Findings



The EU Biodiversity Strategy to 2020



environment

#### 2020 Challenge for Scotland's Biodiversity



A Strategy for the conservation and enhancement of biodiversity in Scotland



RSPB SCOTLAND

Se Billentite etetrites assessment





'A life-belt for the planet. Road this book and change the world.'

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Hermelingmeier 2014

# Ecosystem Services Assessment

### 'reporting the cascade'



### Framework for linking ecosystems to human wellbeing

(Haines-Young and Potschin, 2010, De Groot et al., 2010)

### BluePrint for ecosystem services assessment

- 1. Purpose and design
- 2. Scope of problemscape
- 3. Analysis, assessment
- 4. Recommendation and results
- 5. Monitoring



Form follows function? Proposing a blueprint for ecosystem service assessments based on reviews and case studies

Ralf Seppelt<sup>a,b,\*</sup>, Brian Fath<sup>c,d</sup>, Benjamin Burkhard<sup>e</sup>, Judy L. Fisher<sup>f</sup>, Adrienne Grêt-Regamey<sup>g</sup>, Sven Lautenbach<sup>a</sup>, Petina Pert<sup>h</sup>, Stefan Hotes<sup>i</sup>, Joachim Spangenberg<sup>j,k</sup>, Peter H. Verburg<sup>1</sup>, Alexander P.E. Van Oudenhoven<sup>m</sup> "YOU CAN'T EAT HIM DAVE, HE'S WORTH & 9.37 TO THE LOCAL ECONOMY "



@CartoonRalph

# Value vs Price







### Ian Bateman

### The social values of the Pentland Hills

Visitor Survey

Katja Schmidt Ariane Waltz

- June and July 2014:On-site face-to-face interviews with visitors of the Pentland Hills (n=466)
- Tablet-based interviews on car parks

14 survey days with 13 volunteers from Univ. Edinburgh and associates:



### The social values of the Pentland Hills

### Preferences under trade-offs

Question 19 of 24

Ideally, which combination of benefits will be provided by the Pentland Hills Regional Park in the next 10-15 years?							
Please note that certain combinations are limited as some land uses interact and you may not be able to adjust all sliders to the desired level. Please prioritize your preferences.							
Please indicate the role that inspiration plays in your vi Your choice will not be reflected in the picture of the lan	sion of the Park over the next 10-15 years by selecting (0 – "not at all important" to 5 – "extremely important"). ndscape.						
Sheep farming 0 1 2 3 4 5							
Native forest 0 1 2 3 4 5							
Birds 0 1 2 3 4 5	NI AND IN A STATEMENT						
Wind turbines 0 1 2 3 4 5	THE TANK						
Carbon 0 1 2 3 4 5							
Recreation 0 1 2 3 4 5	TTO TO TO TO						
Inspiration 0 1 2 3 4 5							

**Next Question** 









# Increasing collaboration between science – policy - practice









Protection Agenc

- Working with RSPB and SNH on habitat restoration, coastal realignment and flood prtection
- Working with Pentlands Regional Park, Midlothian and Eastlothian councils on cultural ES valuation and mapping
- Working with SWT on No Net Loss projects

• Working with Cairngorms national Park, Loch Leven Estate, SEPA on using ES in land management



THE UNIVERSITY

of EDINBURGH

 Working with SWT and Edinburgh City Council on green infrastructure in the Edinburgh Living Landscape

> The James Hutton

nstitute






#### **Ecosystem Services Community Scotland**

a community of practice for ecosystem services research, decision-making and natural resource management in Scotland.

- Encourage dialogue between Science, Policy and Practice
- Align Scottish ecosystem services research
- Organise and promote events to support knowledge exchange





#### How ESCom and LINK could benefit each other

- 1. communication with the NGO community
- 2. case studies in terms of land or projects
- 3. ensuring that the Government invests a baseline (e.g. through NEA)
- 4. plugging the knowledge gaps from NEA
- 5. assess levels of ecosystem services associated with various policies or practices
- 6. develop and testing of ecosystem services estimation tools to enable NGOs to do basic assessments of different management/policy scenarios



#### ESCom process areas

#### uptake & evaluation

Evaluating the uptake of new policy instruments and management strategies is crucial for refinement and measuring success against policy targets.

#### policy instruments

Developing and piloting novel policy instruments and land management strategies in practice (including PES, offsets, green infrastructure) can help reach policy objectives.



ESCom Central will work with the working groups to define relevant cross-cutting issues that meet policy and practice needs

#### data & information tools

Data from surveys and casestudies is made accessible and meaningful to policy and practice through information tools such models, scenarios and maps

#### knowledge & decision support

Ecosystem knowledge can help support better informed policy and management decisions through decision support systems and valuation.

#### ESCom process areas



# Activities

- Annual conference
  - 7 May conference / 8 May unconference
- Thematic workshops
  - PES 24 Feb (Hutton & EKN)
  - Modeling May (Edinburgh Uni)
- Collaborative working groups
- Website & social media



# **ESCom questions for you...**

- What are the most important ecosystem services for you <u>now</u>?
- What will be the most important ecosystem services for you in the future?
- What do you need to make decisions about ecosystem services?









νναγιετι απα σιαςκριουκ 2014:



The Ecosystem Approach A way of intervening to manage a system, based on taking a systemic and participatory approach. (Related terms: an Ecosystems Approach)

2 key concepts

Ecosystem Services Framework A way of understanding how nature delivers benefits and services for human well-being

(Related terms: Ecosystem Services Approach)

# Natural capital accounting

Bruce Wilson Natural Capital Projects Manager Scottish Wildlife Trust



### What is natural capital:

Covered wonderfully by Marc, but...

Natural Capital can be defined as the world's stocks of natural assets which include geology, soil, air, water and all living things.

It is from this Natural Capital that humans derive a wide range of services, often called ecosystem services, which make human life possible.

# So then what is natural capital accounting?

- 1	A B	C	D	E F	G	H I	J K
1	Table A: Su	mmary Gros	s Domestic	<b>Product Mea</b>	sures		
2	Seasonally Adjust	ed					
						Chained	Implied
3			Current P	Volume Index <sup>1</sup>			
1			£ millions		£ per capita	2011 = 100	2011=100
		Gross Value	Gross Domestic	Gross Value	Gross Domestic		
		Added (GVA) at	Product (GDP) at	Added (GVA) at	Product (GDP) at	The Party of the P	Contraction of the second
5	Year Quarter	basic prices	market prices	basic prices	market prices		
5	1998	63,598	72,233	12,526	14,227	1000	
7	1999	64,673	73,830	12,751	14,556		A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	2000	67,584	77,118	13,349	15,232	Contraction of the local division of the loc	
	2001	72,610	82,313	14,338	16,254	The second second	
	2002	76,234	86,253	15,048	17,026		
_	2002	80,646	91,161	15,911	17,986		
	2003	86,122	97,315	16,939	19,140		
	2005	90,796	102,628	17,768	20,083		
	2006	96,812	109,197	18,861	21,273		
	2007	100,263	113,586	19,394	21,971		
	2008	105,331	118,462	20,245	22,769	State of the local state of the	
	2009	104,520	116,539	19,978	22,275	100 B	
	2010	105,280	118,860	20,007	22,588	and the second	
	2011	108,690	123,704	20,508	23,341		
	2012	109,402	124,718	20,589	23,472		















Table A: Summary Gross Domestic Product Measures

C

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D E F

Table A: Summary Gross Domestic Product Measures

2 Seasonally Adjusted

В

3			Current Price Values					
4				£ millions	£ per capita			
5	Year	Quarter	Gross Value Added (GVA) at basic prices	Gross Domestic Product (GDP) at market prices	Gross Value Added (GVA) at basic prices	Gross Domestic Product (GDP) at market prices		
6	1998		63,598	72,233	12,526	14,227		
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Chained Volume Index <sup>1</sup>	Implied Deflators
2011 = 100	2011=100

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# Economics, natural capital and ES in campaigns

Bruce Wilson Natural Capital Projects Manager Scottish Wildlife Trust



SCOTTISH GOVERNMENT 2015-16 DRAFT BUDGET ALLOCATIONS (£ MILLIONS)



"Air pollution is responsible for more than 2000 deaths in Scotland each year and costs the NHS here up to  $\underline{\mathbf{\pounds 2}}$ **billion annually**. The time has come for our polluted air to be treated as the public health crisis it really is.

"Although today's air pollution is mostly invisible, its impact on our health is crystal clear. Breathing in polluted air increases your chances of having a heart attack, a stroke, or developing cancer. Children are also particularly vulnerable.

#### News

#### News

England

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# White-tailed eagles help Scottish economy soar

Last modified: 16 June 2011



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% respondents that reported as a motivation

Front cover by Chris Gomersall (rspb-images.com)

The RSPB speaks or

problems that threat

- help us keep it that

This report was produced by RS RSPB Scotland is part of the Rc (RSPB), which is a registered of Scotland no. SC037654.

This report should be cited as: I The economic impact of white-

The RSPB, Sandy.

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RSPE



#### Key points

Briefing

- There is a growing body of evidence showing that neonicotinoids, which are used as an insecticide • on crops such as oil-seed rape, are harmful to pollinators such as honey bees and bumblebees
- Pollination is a vital ecosystem service worth at least £43 million per year to Scotland's economy .
- We could see a collapse in ecosystems across the agricultural landscape and beyond if pollinators . become scarce

#### Background

Neonicotinoids are systemic insecticides<sup>1</sup> used by farmers to help protect crops such as, oilseed rape, maize, sunflowers and potatoes from sap-sucking insects such as aphids and other insect herbivores. There are a variety of compounds, all nicotine-based, such as imidacloprid, thiacloprid, thiamethoxam and



**Peatland Programme** 





#### Marine Scotland Science

Management of The Scottish Inshore Fisheries; Assessing The Options for Change

**Technical Reports** 



## Looking to the future...

- Increasing focus on social capital within the SG, we must highlight the importance of all three capitals / pillars that are vital to sustainable development
- We need to use all tools available
- We should be aware of the timescales we are facing



# Useless

#### ES/NC: the underlying logic.

Ecosystems provide benefits to people
water purification, pollinators, soil regeneration etc.

•These should be maintained, enhanced and accounted-for.

### Critical assessment:

"An uncritical commitment to payment for Ecosystem Services can lead to unintended outcomes".

**UNEP Assessment 2013** 

#### And vitriol...

"[Under Natural Capital] ...we no longer believe in wonder and delight and enchantment. We just want to show that it's going to make money. In doing so, we destroy our own moral authority and legitimacy." G Monbiot, 2014

## ES vs Traditional Conservation

Conservation:

- Protects biodiversity with no regard for humans
- Rests on a myth of pristine nature that never existed
- Is losing popular support
- Has failed to conserve biodiversity

## 2 Problems

- Insists that 'trad' conservation is a failure – and so is pointless
- Primes ES as the sole target output - intrinsic value afterthought










# Annex I species did significantly better in the EU after the introduction of the Birds Directive





# The ES 'Solution'

- Make ES delivery the primary objective.
- Ally with corporations and other significant economic actors.
- Reduce focus on landscapes and species to those most useful to humans.

Doak et al TREE 1771 (2013)

# Scot Gov 2016-2021 Strategic Research Programme (SRP)

£50 million p.a.) managed by Rural & Environment Science & Analytical Services (RESAS).

Will underpin:

- rural communities and businesses;
- the productivity and profitability of our agricultural sector;
- the sustainable use of our natural resources;
- the prevention and effective management and control of animal and plant diseases; and
- our ability to respond effectively to global challenges such as sustainable nutrition and climate change.





"...the magnitude of relative change differed markedly, suggesting that decision-making about management intervention and policy development could be difficult, if the assumptions underlying the 'expert' weightings were viewed as contentious." – S Albon et al 2014 Systematic evaluation of NCAI.



#### -\$1.2 Trillion ....Worse than useless



- Species and habitat conservation <u>can work</u> at realistic scales.
- A sole focus on delivering Ecosystem Services will not automatically deliver biodiversity.
- <u>We need both</u> to secure healthy, resilient ecosystems.
- We must intensify, extend and integrate conservation efforts not to re-focus on ES targets alone.
- Otherwise... the huge progress and future potential for wildlife in Scotland is <u>at risk</u>.

## An evolving agenda

- "Protecting biodiversity for its own sake has failed" Kareiva et al 2011, Ecosystem Services
- "Academic training should better portray the rich, global history of the field, introducing students to the diverse ways in which nature has been valued and conserved for centuries" *Tallis et al 2014, 'A call for inclusive conservation', Nature.*



DEPARTMENT OF HEALTH FOR SCOTLAND

#### NATIONAL PARKS AND THE CONSERVATION OF NATURE IN SCOTLAND

Report by the Scottish National Parks Committee and the Scottish Wild Life Conservation Committee

Presented by the Secretary of State for Scotland to Parliament by Command of His Majesty

#### RESTRICTED TO LUDARY

USE ONLY EDINBURGH HIS MAJESTY'S STATIONERY OFFICE: 1947

TWO SHILLINGS NET

Cmd. 7235

### SCOTTISH NATIONAL PARKS COMMITTEE'S REPORT

5. It is perhaps natural, and may be counted to them for righteousness, that 5. It is perhaps natural, bards have always highly praised the scenery and wild our native writers and Becalling in his old age the changing scene throws wild our native writers and Bacalling in his old age the changing scene throughout life of their country. best-known Gaelic poets, Duncan Ban Macintyre life of their country. best-known Gaelic poets, Duncan Ban Macintyre, says of the year, one of our best-known Beier Duble

" Bha mi 'n de 'm Beinn Dobhrain, Ben Dorain: 'S 'na coir cha robh mi aineolach;

Chunna mi na gleanntan 'S na beanntaichean a b'aithne dhomh.

" B'e sin an sealladh eibhinn,

Bhith 'g imeachd air na sleibhtean,

Nuair bhiodh a' ghrian ag eirigh,

'S a bhiodh na feidh a' langanaich.

" B'aobhach a' ghreigh uallach,

Nuair ghluaiseadh iad gu farumach,

'S na h-eildean air an fhuaran ;

Bu chuannar na laoigh bhallach ann.

" Na maoislichean 's na ruadh-bhuic,

Na coilich dhubha 's ruadha-

'S e 'n ceol bu bhinne chualas,

Nuair chluinnt' am fuaim 's a' chamhanaich."

"Yesterday I was on Ben Dorain, and there I was no stranger. I saw the bens and the glens that I knew. That was the joyous sight, to be walking on the mountains, when the sun was rising and the deer were belling,

" Beautiful were the stately herd as they moved noisily, and the hinds at the green springs. Handsome were the dappled calves there, the dos and the red bucks, the black cocks and the red-their's was the most melodious music in the dawning."

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