



Summary

Roundtable C: Finance-I: Building Blocks for a Sustainable Future

The Hague Conference on Environment, Security and Sustainable Development
Peace Palace, The Hague, 9-12 May 2004

Dr. Paul Jefferiss discussed the global economic value of ecosystem services, and compared the global economic costs of the loss of those services with the the global economic costs and benefits of conserving those ecosystem services. He concluded that conserving them has a 1 to 100 cost/benefit ration, and then tried to analyze the reasons why it has been so difficult to mobilize political support for financing these costs. He made 3 recommendations:

- Gain a better understanding of the economic value of natural services.
- Commitment from developed countries to provide developing countries with sufficient funding and support to conserve valuable natural ecosystems.
- Reflect the value of ecosystem services in economic activities through taxes, subsidies and standards; and the removal of perverse subsidies.

Dr. Andrew Dlugolecki discussed the enormous future costs of global climate change, the inability of private-sector insurance companies to handle these costs. His main recommendations were that:

- Governments should change their energy policies to quickly and massively move away from fossil fuels..
- Governments should coordinate their energy policy with their policies in other economic sectors.
- Governments should work together with the insurance industry to provide insurance against the catastrophic consequences of climate change.

He said that the main reasons why it has been so difficult to achieve these goals are the the lack of public awareness of the seriousness of the problem, and the short-term time horizon of financial markets and corporations.

Dr. Mathis Wackernagel explained the concept of “environmental footprint”, and the need to reduce resource consumption to sustainable levels in order to avoid incurring “environmental deficits” that can never be repaid. His recommendations were to:

- Accurately account for the environmental footprint of all economic activities, because accounting (i.e., disclosure) leads to accountability.
- Set measurable and time-specific targets for reducing environmental footprints, and then leave it to private sector innovation and market forces to achieve these targets.

Oliver Schaefer discussed the costs, means and time-frames for increasing the use of renewable energy sources in the EU from the current 9% to 20%.

He recommended that:

- We need to develop more accurate means of accounting for the true costs of fossil fuels, including the costs of replacing current non-renewable power generation infrastructure and fuels.
- Governments and businesses need to set long-term quantitative targets for increasing the rate of reliance on renewable energy sources.

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