



House of Commons
Environmental Audit
Committee

**Government Response to the
Committee's First
Report of Session 2006–07:
The UN Millennium Ecosystem
Assessment**

Sixth Special Report of Session 2006–07

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The Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: www.parliament.uk/parliamentary_committees/environmental_audit_committee.cfm.

A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are: Mike Hennessy (Clerk); Sara Howe (Second Clerk); Richard Douglas (Committee Specialist); Oliver Bennett (Committee Specialist); Louise Smith (Committee Assistant); Caroline McElwee (Secretary); and Jonathan Wright (Senior Office Clerk).

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References

In the footnotes of this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by page number as in 'Ev12'. number HC *-II

Sixth Special Report

Millennium Ecosystem Assessment —Government Response

1. The Environmental Audit Committee published its report on *Millennium Ecosystem Assessment* on Wednesday 3 January 2007 as HC 77.
2. The Government's Response to the Committee's Report was received on Monday 5 May in the form of a memorandum to the Committee. It is reproduced as Appendix 1 to this Special Report.
3. The Committee's subsequent letter to the Chancellor of the Exchequer, and the reply from HM Treasury can be found in Appendix 2.

Appendix 1 - Government response

GOVERNMENT RESPONSE TO ENVIRONMENTAL AUDIT COMMITTEE REPORT: "*Millennium Ecosystem Assessment*" (First Report of Session 2006-07)

INTRODUCTION

- I. The Millennium Ecosystem Assessment (MA) recommended some key steps for governments to take to address the degradation in ecosystem services. A number of these relate to areas already being addressed under the UK Government agenda.

Changing the economic background to decision-making

- II. The MA recommends removing harmful subsidies and introducing incentive payments for land managers. The UK has been one of the strongest advocates for reform of the Common Agricultural Policy and we have already made significant progress by breaking the link between subsidy and production. We are increasingly moving to reward farmers for good environmental practice. Under the cross-compliance rules, farmers must meet basic environmental requirements in order to qualify for the Single Payment; and enhanced incentives are provided by the new Environmental Stewardship scheme, which includes an Entry Level scheme open to all farmers.
- III. The MA found that more work was needed to ensure that the true value of ecosystem services is taken into account in decision making. As part of Defra's natural environment programme we will be building on previous experience to further develop tools and methodologies for valuing ecosystem services in policy and decision making across government.

- IV. The UK Government has led the way in developing market mechanisms for reducing carbon emissions, through the UK Emissions Trading Scheme.

Improving policy, planning and management

- V. Defra is drawing on the conceptual framework from the MA in the development of an ecosystems approach to conserving, managing and enhancing the natural environment. This will involve a shift away from silo-based approaches towards a more integrated approach to policy-making and delivery, with a focus on delivery of healthy and resilient ecosystems. Defra is currently working with delivery partners and stakeholders towards publication, at the end of 2007, of an Action Plan to embed this approach within Defra and more widely.
- VI. The Government is committed to an ecosystem approach to marine management and is actively taking forward steps to implement this. Defra's consultation on a Marine Bill fully recognised the vital role of ecosystems services provided by the marine environment.
- VII. Government planning policy, as set out in Planning Policy Statement (PPS)1 *Delivering Sustainable Development* makes it clear that sustainable development is the core principle underpinning planning
- VIII. The Government introduced a new development plan system in 2004 and will, following the publication of the Barker Review of Land Use Planning, be looking to determine whether further changes are needed to help ensure that the benefits of effective planning are delivered in a timely and efficient manner. The Government wants in place a planning system that is able to both support economic growth and prosperity and deliver wider sustainable development goals. Kate Barker's Report made recommendations which built upon the 2004 planning reforms and the Government will be responding to Barker's recommendations in the Spring.

Influencing individual behaviour

- IX. Sustainable consumption and production is a priority area for Defra. The department is currently carrying out research into the impacts of UK consumption on the global environment. This includes research into the impact of imported commodities on global biodiversity, and methodological work to establish the emissions of CO₂ which are generated through the production of goods imported into the UK. An additional part of the programme is to review the evidence base which identifies the links between UK consumption, the global environmental impacts and the local social and economic dimensions of food production and other products.

Developing and using environmentally friendly technologies and restoring degraded ecosystems

- X. Defra is promoting the deployment of energy-efficient technologies through a wide range of policy measures. These include the successful Energy Efficiency Commitment; support for Combined Heat and Power, labelling of the most energy efficient products, advice and information provided by the Energy Saving Trust and Carbon trust; and working both within the EU and internationally to raise energy performance standards of appliances.

XI. The Forestry Commission is currently chairing the Global Partnership on Forest Landscape Restoration. The Partnership aims to catalyse and reinforce a diverse network of restoration programmes that deliver benefits to local communities and to nature, and fulfil international commitments on forests.

RESPONSES TO THE COMMITTEE'S RECOMMENDATIONS

The world has been dramatically altered by human activity

1. **The conclusions of the MA are clear. Human activity is fundamentally and extensively changing the world around us, leading to extinction on a massive scale. The extent of this loss should not be underestimated. It points to a sixth great extinction, on a par with historic global extinction episodes caused by asteroid impacts. (Paragraph 11)**

The Millennium Ecosystem Assessment (MA) findings reinforce the vital importance of protecting biodiversity and ecosystem services to support human well-being. The UK Government worked hard to ensure that the Convention on Biological Diversity (CBD) gave a full and considered response to the MA. The CBD has noted the new and significant findings of the MA and has urged Parties to strengthen their efforts to achieve the target of a significant reduction in the rate of biodiversity loss by 2010 (the 2010 target). The CBD also decided to consider the findings of the MA in the implementation and the future review of the programmes of work and cross-cutting issues under the Convention.

Ecosystem changes have led to substantial gains, and substantial losses

2. **The ways in which humans have altered the natural environment have led to significant benefits to society, but these benefits have been accompanied by rapidly increasing costs due to ecosystem degradation. These changes to the natural world have also increased the likelihood of dramatic and abrupt changes to ecosystems, which could have devastating and permanent impacts. Human activity is creating a world that is likely to be degraded substantially for future generations. (Paragraph 20)**

We agree that human impacts on the natural environment have resulted in both positive and negative outcomes. The MA also highlights that it is often the poorest communities that depend most directly on ecosystem services and, therefore, suffer disproportionately from the loss or degradation of those services. We do not believe that environmental degradation is an inevitable cost of societal benefits.

The Government agrees that it is essential to manage the trade-offs between environment and development more effectively to enable delivery of sustainable wealth creation and poverty reduction whilst safeguarding ecosystems services.

The continued damage caused to ecosystem services will make it harder to eradicate poverty.

3. **The MA established conclusively that efforts to eradicate poverty will not succeed where environmental degradation is allowed to continue. This is of particular concern as environmental degradation is set to significantly worsen over the next 50 years. It therefore seems unlikely that the international community will meet its Millennium Development Goal (MDG) commitments to reduce poverty and increase development, at least in the long-term. These changes may also undermine the current progress that is being made, leading to a worsening of poverty. (Paragraph 25)**

We agree poverty reduction successes will only be short term if the services provided by ecosystems are not maintained. The international community, including the UK, must do more to respond to the growing weight of evidence that our environment is under threat. If not addressed, much of our current and future progress in lifting people out of poverty could be reversed. As outlined in the DFID response to *Trade, Development and the Environment: The Role of DFID*, tackling this means working for a collective response at a global level, and working with our multilateral and developing country partners.

Ecosystem damage can be slowed and reversed, but this will take concerted action

- 4. If society wishes to avoid the devastating impact of continued ecosystem degradation on development and the economy it is clear that substantial changes will have to be made to the way in which it values and deals with ecosystem services. These often will be politically controversial, but the case for concerted and decisive action has now been made. (Paragraph 30)**

The Government acknowledges the fundamental importance of ecosystem services to human wellbeing, and the need for this to be recognised across sectors and in the full suite of decisions that impact on the natural environment. Defra is taking forward work to develop an ecosystems approach to conserving, managing and enhancing the natural environment. As part of this we are seeking to develop better tools and methodologies to ensure that decision making takes full account of the true value of ecosystem services.

International impact of the MA

- 5. Although we concede that it is still early days for the MA, we are concerned that, given the scale of the problems identified within it, its impact so far seems limited. Full and proper engagement with its findings from local to international levels will be vitally important if actions to deal with the challenges are to be successful. We hope that the recommendations made throughout this report will go some way to ensure that the findings of the MA are adopted far more widely than they have been so far. (Paragraph 33)**

We agree that the MA report deserves greater attention although we also agree with the Committee that it is still early days. For its part, the UK Government has done a good deal to promote the MA and to engage decision makers with the findings. For instance, the presentation on biodiversity and development to the Environment and Development Ministers meeting during the UK Presidency of the G8, included material on the MA. The MA was also the subject of a workshop in 2006, organised by the Global Biodiversity Sub-Committee (GBSC) of the Government's Global Environment Change Committee. This workshop explored the strengths and weaknesses of the MA and the gaps in science which it highlighted.

The MA was reviewed at the eighth CBD Conference of the Parties (COP8). COP Decision VIII/9 recognised the findings of the MA and undertook to consider these in the implementation, and the future review of the programmes of work and cross-cutting issues under the Convention. It was also reviewed at the United Nations Convention to Combat Desertification (UNCCD) COP 7, and by the CCD's Committee on Science and Technology. A COP7 Decision encouraged the use of the findings of the MA to better address the objectives of the Convention.

The last Ramsar COP (COP9) agreed a Conceptual Framework for the wise use of wetlands and the maintenance of their ecological character. This drew heavily on the work of the Millennium Ecosystem Assessment (MA), in particular the MA's Conceptual Framework for Ecosystems and Human Well-being

We will continue to promote the MA findings both in domestic policy development and international dealings. See also our response to paragraph 68.

International poverty eradication

6. How Millennium Development Goals are met will have a major impact on environmental sustainability and there is not necessarily a clear framework to ensure that all of the Goals are met coherently and simultaneously. This may well prove to be counterproductive in the long term. (Paragraph 37)

DFID recognises that weak progress towards ensuring environmental sustainability will compromise achievement of the other MDGs and undermine wider investments in poverty reduction. As outlined in the Government's response to *Trade, Development and the Environment: The Role of DFID*, and as reflected by the Committee in this report, frameworks to achieve sustainable poverty reduction and the MDGs should be developed and owned by countries themselves. This includes coherent policies, planning and programmes, such as poverty reduction strategies. They should make the links required to achieve the MDGs, including links between environmental sustainability and the other Goals. The Millennium Review Summit 2005 called on countries to develop or implement national plans to help achieve internationally agreed targets and goals, including the MDGs. The UK encourages this approach and work by UN Agencies to develop guidance and support to countries on how best to make the links to the MDG framework that includes integrating environmental considerations. For example, through UK Government support to the United Nations Environment Programme (UNEP), we are helping develop a new UNEP/UNDP Poverty Environment Initiative (PEI) that will assist countries integrate the environment into development policies and programmes.

7. Given that a functioning and healthy environment will be crucial for achieving long-term success on MDGs, and that the MA provides a framework for the successful bringing together of development, environment and economic policies, we are disappointed that governments and development agencies have been slow to grasp the importance of the MA and MDG7. Although we accept that developing countries must own and develop their own strategies for sustainable poverty reduction, the Government must face up to the fact that these countries do not have the capacity to adequately incorporate the environment into their strategies. The UK Government and other developed countries must seek to ensure, through a Millennium Ecosystem Fund, that all developing countries are equipped to incorporate the environment into their development strategies, otherwise the unsustainable actions that might result may jeopardise the long-term achievement of MDGs. (Paragraph 40)

The Government is committed to helping achieve all the MDGs, including MDG7. For example, the UK played a key role in developing better international understanding of the relationship between poverty and environment, by jointly leading work for the World Summit on Sustainable Development (WSSD). The importance of ecosystems and their services to the poor

was part of this work. Working with the OECD, we also helped develop tools to encourage environmental sustainability to be addressed in national planning processes alongside economic and social considerations.

We continue to highlight the importance of issues reflected in the MA for development and the relevance of MDG 7. For example, our commitment was reiterated at the 2005 Millennium Review Summit. The UK is also supporting current moves in the UN to include the WSSD 2010 biodiversity target within MDG7.

The 2006 White Paper *Eliminating World Poverty: Making Governance work for Poor People*, identified managing our world sustainably and fairly, as the most important challenge of a changing world. DFID's policy paper on the environment, published in 2006, recognises that the achievement of most MDGs depend on environmental goods and services, and also recognises the connections between MDG7 and the other MDGs.

The Government agrees that poor countries do not always have the capacity to adequately incorporate the environment into their strategies, policies and programmes. That is why we work with other donors to promote the importance of the integration of environment into poverty reduction strategies and other development planning processes. For example, DFID supported the United Nations Development Programme's (UNDP) PEI and its environmental integration programmes in Kenya, Tanzania, Rwanda, Vietnam, and Cambodia; and we will cooperate with the new joint UNDP and United Nations Environment Programme PEI.

We do not agree that a new Millennium Ecosystem Fund is the best way to address capacity constraints. We do not support the proliferation of new global funding mechanisms without clearly identifying their added value in contrast to the additional international and partner country bureaucracy and reporting burdens on poor countries that this will require. It is important to consider the time and capacity needed by developing countries to access global funds. Rather than establishing new funds and new bodies, we should consider how to strengthen existing mechanisms such as the GEF, UN programmes and in-country donor coordination, to help poor countries build capacity.

8. We are frankly disappointed that development NGOs have failed to engage more with the MA findings. Although we understand that these NGOs might focus on the immediate problems associated with poverty, such as access to clean water, their failure in the long term also to focus on the need to maintain ecosystem services will ultimately unravel their efforts. (Paragraph 43)

We recognise the need for all NGOs to consider appropriate environmental issues, but it is not the role of Government to tell NGOs which topics to focus on. However, Development and Environment NGOs have worked closely on a number of key issues linked to the MA. These include the campaigns on Climate Change as well as joint analysis, incorporating the MA findings, as part of the consultation process for the recent UK Government White Paper on international development.

Many development NGOs are taking action on environmental issues. NGOs such as Christian Aid, Oxfam and Tearfund actively work on climate change, water and sanitation. DFID continues to encourage the Development and Environment Group of British Overseas NGOs

for Development (BOND) to build on previous work and strengthen linkages and joint working with other Development NGOs.

Governments: the need for national assessments

9. **More needs to be done to ensure that policy makers are fully aware of the ramifications of the MA, and what they can do to respond to these challenges. In order for this to occur, policy-makers need to see the direct benefits, primarily economic but also social and environmental, of sustainable ecosystem service management and the adoption of the MA conceptual framework. This must happen in such a way that effective national or local response options can be initiated. Therefore it should be a priority to carry out national assessments tailored to national needs.**

As developing countries do not have the resources needed to undertake such assessments, it is imperative that the UK Government galvanizes the international community to establish a Millennium Ecosystem Fund. Not only could this ensure that the MA findings are more widely communicated but also that developing countries are equipped to move themselves onto a sustainable development path. (Paragraph 48)

The MA recommended some key steps that governments can take to reduce the degradation of ecosystem services, many of which, as highlighted in the introduction, are already consistent with UK Government policy. For example:

- Defra's work to develop an ecosystems approach to the conservation and enhancement of the natural environment in England seeks to apply the MA framework in both policy-making and delivery;
- The UK is committed to an ecosystem approach to marine management and is actively taking forward steps to implement this, including in relation to fisheries management, and the establishment of marine protected areas as called for by the MA. Defra's consultation on a Marine Bill fully recognised the vital role of ecosystems services provided by the marine environment;
- The government has already drawn on the MA conceptual framework to underpin policy and research development in a number of areas and we recognise its potential for future application in the UK and beyond, including in assessing the impacts of future policies and decisions on the natural environment. It is important that any future assessments build on existing assessment mechanisms and are tailored to nationally identified priorities and needs. In this respect, we very much welcome the work by UNEP-WCMC (with a funding contribution from Defra) to develop an 'MA Methodology Manual'. We hope that this will strengthen the impact of the MA by ensuring that a broader audience knows of, and is able to use the best practices that the MA developed.

It is important that any assessment proposals build on the many existing assessment mechanisms and are tailored to nationally identified priorities. The need is to ensure that we have the principles of ecosystem assessment integrated into the tools being increasingly applied in development cooperation such as strategic environmental assessment (SEA).

With respect to international development assistance, we agree that decision makers should be more aware of the MA findings and what can be done to respond to the challenges, including

improved awareness of the benefits that arise from better management of ecosystems. Countries should conduct their own environmental assessments linked to other country driven development planning. Whilst we believe that environmental information is important for decision makers, we believe that MA principles could be integrated into existing assessment and reporting frameworks rather than establishing another environmental assessment process. For example, countries already prepare reports for Multilateral Environmental Agreements (MEA's), many countries also prepare State of the Environment Reports, and the World Bank and European Commission amongst others use country based environmental assessments to inform their dialogue and funding decisions. The new UNDP/UNEP PEI will be considering how such methodologies can be used at country level. As explained in the response to recommendation 40, we do not agree that a new Fund is the way to address capacity constraints. Instead we should consider how to strengthen existing mechanisms such as the GEF, UN programmes including the [enhanced] PEI and in country donor coordination, to help poor countries build capacity.

The UK is actively engaged in promoting ecosystem approaches to marine management in international fora, including through OSPAR and through strengthened and reformed regional fisheries bodies, which can address key, immediate impacts on sensitive ecosystems such as destructive bottom fisheries and illegal, unregulated and unreported (IUU) fishing.

10. The MA showed that degradation of ecosystem services is a threat to businesses' bottom line. Witnesses expressed optimism to us that the MA would act as a spur to business to address its impact on the environment. **The development of robust econometric models for ecosystem services must be developed with some urgency to enable the internalisation of the full costs of business' impact on the environment. The UK Government and international community must act to ensure that this happens. In line with our previous report Outflanked: The WTO, international trade and sustainable development, we recognise that ultimately the full environmental and social costs of products and services must be reflected in their final price. (Paragraph 52)**

It is important to establish robust metrics for ecosystem services. The MA clearly demonstrated the link from ecosystems and its services to wide ranging impacts on human well being, including impacts on the business sector. The value of these ecosystem services is often not taken into account, resulting in their degradation. A key requirement is to ensure that the full social costs and benefits associated with ecosystem services are valued and policy instruments designed to ensure these costs and benefits are internalised in the decision making process. As discussed previously, Defra is prioritising work to improve our understanding of the value of ecosystem services, and to develop practical tools to use these values in decision making.

As regards international trade, some preliminary work is being done on the environmental costs of international trade including looking at different approaches for different sectors and developing the evidence base. This work is being done in the context of Defra's 'One Planet Living' strategy.

- 11. We commend those responsible for the MA for producing the most complete and up to date study of the importance of the environment for human well-being and the current condition of the Earth. Although inevitably aspects of the MA were based on incomplete evidence, the assessment still provides a most robust analysis upon which to base action to tackle ecosystem degradation. Due to the serious conclusions drawn from the MA we call for urgent, concerted, research at all levels to fill the knowledge gaps identified. (Paragraph 58)**

The MA explicitly acknowledges the gaps in current knowledge that limited its ability to fully answer the policy questions that it sought to address. The Government supported work to address some of these gaps through a range of initiatives including those led by the GBSC and the (Defra funded) Biodiversity Research Advisory Group (BRAG). Defra has also commissioned research into the status and trends of England's terrestrial ecosystems and ecosystem services; work to assess the impacts of key drivers of change to ecosystems, particularly to develop the evidence base related to climate change; and work to develop tools and methodologies for valuation of ecosystem services. Future research strategies will continue to assess and be informed by knowledge gaps that the MA identified.

The Natural Environmental Research Council (NERC), the Economic and Social Research Council (ESRC) and DFID, have agreed in principle, to appraise and design a new research programme to improve ecosystem management for poverty reduction in developing countries. The programme will be funded by the three partners. The appraisal and design process will commence with four regional situation analyses in semi-arid parts of Africa, China, Northern India and bordering countries and Amazonia/Andes.

- 12. To enable the MA knowledge gaps to be filled a new international interdisciplinary research strategy must be established to help coordinate research at a number of scales. This could be hosted by the ICSU, or ultimately within a new body to oversee a rolling programme of MA assessments. (Paragraph 61)**

We agree on the need for more research and on the importance of prioritising the most important gaps that need to be addressed.

There are a number of existing international science co-ordination programmes which already aim to address some of the knowledge gaps found in the MA (e.g. Diversitas and Global Earth Observing System of Systems (GEOSS)) and these are also addressed in the European context by the European Commission (EC) Framework Programmes 6 & 7 for Research and Development. The European Environment Agency (EEA) are also developing proposals for a European-scale assessment.

Within the UK, the GBSC, a Sub-Committee of the Government's inter-agency Global Environmental Change Committee, is, among other things, charged with identifying gaps in scientific understanding of global biodiversity change, and co-ordinating strategic priorities for UK-science relating to global biodiversity. As already mentioned, Defra and the JNCC, on behalf of the GBSC organised an event in February 2006, aimed at developing an overview of the strengths and weaknesses of the MA. Government departments and agencies are now working on a mapping exercise to assess current UK action (both policy and research) in response.

The DFID/NERC/ESRC research programme (see paragraph 58) is anticipated to make a significant contribution to filling the knowledge gaps. See also our response to paragraph 87.

Communication of the findings

13. There appears to have been a breakdown in the effective communication of the MA findings which has led, to some extent, to a slow take up of the MA by stakeholders. The lesson which should be learnt from this for future assessments of this nature is that inadequate provision for the communication of findings will ultimately hinder their integration by stakeholders. More funds will have to be provided by the MA funding organisations, including Defra and DFID. Failure to do this will negate much of the impact we would expect from an assessment of this calibre. (Paragraph 66)

The MA Secretariat made considerable efforts to engage the international communities through, for example, the international biodiversity conventions and related fora. The sub-global assessments have also engaged a wider audience at more local scales. However, we agree that communications is an important element of any assessment and that it is important to develop a clear communications strategy from the outset, with particular attention on how to communicate the findings and implications to non-specialists.

As the MA Secretariat has now been disbanded, the UK will continue to work through existing channels and institutions to promote the messages from the MA.

But non specialists can find it difficult to access information contained in the MA reports: its messages were not presented in ways that maximise relevance to other development issues and, as already mentioned, the direct benefits need to be more explicit. To help improve dissemination, DFID funded the preparation of a briefing paper by the International Institute for Environment and Development (IIED) on the development implications of the MA. This summarised the main findings and suggested possible next steps. The briefing is an IIED view, but has been useful in raising awareness of the MA.

Internationally, other mechanisms are also helping to disseminate MA findings and the policy implications. For example, the World Resources Institute (WRI) plans a series of international workshops on the potential policy implications of the MA.

14. There is an important MA communication role for the UK Government, at both national and international levels. Nationally, departments must engage with the constituencies they deal with, such as the agricultural sector for Defra and development NGOs for DFID, to produce sectoral guides to the MA and assess its implications for their work. There is also the need for civil society and the private sector to be proactive in engaging with the MA, for their long-term success will depend on them coming to terms with its findings. This engagement should include the undertaking of audits of individual businesses or organisations against the issues identified in the MA. (Paragraph 67)

Defra has put a considerable effort into communicating the messages from the MA:

- As mentioned in our response to paragraph 61, in February 2006 the GBSC, with Defra support, held a workshop to explore the findings of the MA and promote its messages to a wider audience of government, scientists and NGOs;

- Defra's research agenda and work with the Research Councils (see responses to paragraphs 58 and 75) is helping to spread the message widely amongst policy makers and scientists;
- The UK was closely associated with the CBD decision on the MA which made a number of recommendations for action to promote the findings of the MA and integrate them into policy development;
- Through its work to develop an ecosystems approach to conservation, management and enhancement of the natural environment Defra is engaging other government departments and a broad range of stakeholders to discuss how their policies and practise could better take in to account the broad range of goods and services that the natural environment provides.

The MA produced 5 synthesis reports including one on opportunities and challenges for businesses. The Government has no current plans to develop separate guides to the MA beyond the IIED paper referred to above.

The Inter-Departmental Ministerial Group on Biodiversity will be debating whether there may be potential future engagement in more proactive dissemination of MA findings (see also paragraph 95).

15. At an international level, given the importance of the MA's findings for the development and environmental objectives of DFID and the Foreign and Commonwealth Office (FCO), country staff should be made fully aware of the implications of the MA. They should refer to the MA and frame their work with partner countries in light of it. The FCO should also undertake a seminar programme in partner countries in order to promote the sustainable use of ecosystem services, the MA conceptual framework, and the economic and development benefits that such effective management brings. (Paragraph 68)

DFID will continue to raise awareness across the organisation of how better environmental management contributes to long term poverty reduction. DFID takes account of environmental opportunities and risks for poverty reduction when framing country programmes, often in cooperation with other donors, such as the EC and World Bank. Guidance for country assistance plans states that environmental factors should be taken into account when defining main obstacles to reducing poverty, including relevant regional or global issues such as climate change and shared natural resources.

Sustainable development (SD) is central to foreign policy and the work of the FCO. It underpins, and will help to achieve, many of the Government's international priorities, which are driven forward by the FCO. The FCO's recently published SD Action Plan highlights the areas for action where FCO can contribute to the UK's efforts on sustainable development. The network of SD Attache's in FCO Posts helps build support for UK objectives; maintains the engagement of host governments; develops and manages projects to address specific sustainable development challenges; reports on progress and developments in host countries; and identifies areas where the UK can offer or develop expertise on sustainable development issues.

We agree that FCO's network of posts would find the MA's findings useful in providing support, rationale and inspiration for their work on SD. The FCO holds an Annual SD Attache's conference to brief attachés on priorities and receive feedback from them about their work and the support they need. We included a session in the 2007 conference introducing them to the MA and seeking ways in which they could use the MA to further their SD work. FCO will also

include information on the MA on SD Net, an intranet site for Attache's and other government departments which provides information and briefings on key issues, policy developments, events and meetings in relation to SD.

16. Given the existence of evidence demonstrating the substantial economic benefits of sustainable ecosystem service management we are gladdened to see that Defra is investing in research to quantify and take advantage of this. As the lack of empirical evidence of this value has made it difficult to motivate some quarters to engage with the MA, this research could have international consequences for its uptake. It is imperative that Defra's efforts in this field are adequately funded and lead to tools which will enable decision makers across Government to appreciate and account for these nonmarket benefits. (Paragraph 75)

The Government is pleased to see the support in this report for Defra's research in this area. As well as funding specific targeted research Defra is taking steps to ensure that research programmes across the Department draw on and take account of the methodologies and evidence presented by the MA, and to ensure that existing research and monitoring initiatives (e.g. the Countryside Survey) develop in such a way as to contribute to the quantification and improved understanding of the dynamics and spatial distribution of ecosystem services.

Defra is working with others, particularly the research councils, to promote interdisciplinary research to underpin future delivery of ecosystem services, including in development of the new NERC/ERSC research initiative *Living with Environmental Change*, which draws heavily on the fundamental concepts of the MA.

17. We consider that the logical conclusion of research to value ecosystem services and to identify those factors that actually improve human well-being, will be the development of an econometric that measures growth in a way that recognises environmental limits and more accurately describes human well-being. Growth is, after all, not an end in itself. The Government must introduce an indicator of economic growth which incorporates the principles of sustainability and well-being as early as possible. (Paragraph 79)

The UK Government's sustainable development indicators measure trends in environmental, social and economic wellbeing. The indicators help review progress of the sustainable development strategies for the UK and devolved administrations, and highlight where the challenges are. They also help people to understand what sustainable development means globally, nationally, locally and for them as individuals.

The 2005 UK Sustainable Development Strategy recognised the need for the Government to get a better understanding and focus on wellbeing. To address this, Defra commissioned in 2006 a number of research projects to review existing research and international experience and to explore how policies might change with an explicit wellbeing focus¹. The research included a review of existing research on the social, economic and environmental factors influencing wellbeing, in addition to reviewing a range of wellbeing measures. It focussed on subjective wellbeing - how people think and feel about their lives - which had been little explored within

¹ Links to published research can be found on the Government's sustainable development website:

<http://www.sustainable-development.gov.uk/what/priority/wellbeing.htm>

Government, in order to develop a better grasp how policy can genuinely make a difference to people's lives. The research results have provided evidence to support the expansion of the existing sustainable development indicators to give a more complete picture of wellbeing trends. A specialist cross-Government group has been established to develop wellbeing indicators to add to the existing sustainable development indicator set. A provisional set of wellbeing indicators will be published in July 07.

The future of the MA

- 18. We are concerned that the failure to establish an ongoing programme to undertake MA global assessments will result ultimately in the continued degradation of ecosystem services, which effective regular monitoring and assessment would help prevent. We strongly urge the Government to strive for the establishment of a rolling MA programme, the key features of which should include:**
- **Global assessments to be conducted at the least every 8-10 years**
 - **A multi-stakeholder bureau to govern the MA secretariat to ensure the full participation of scientists, civil society, the private sector and governments**
 - **A budget adequate to fund research to fill those gaps identified by the MA, as well as to provide effective monitoring of ecosystem services**
 - **A focus on the identification and promotion of effective response options to ecosystem service degradation, including the development of economic incentives to ensure the full consideration of non-market ecosystem service values**
 - **A continued focus on the value of sub-global assessments, between global assessment periods, in providing regional impetus and justification for better management of ecosystems (Paragraph 83)**

The MA has been valuable in highlighting the importance of ecosystem services and the implications for human well being of their current rate of degradation. These messages do not depend on repeated assessments for their impact. The MA itself took 5 years to complete and a rolling programme of repeated assessments every 5-10 years would, as the Committee propose, effectively mean a permanent secretariat (allowing also for communications of the findings). It would be important to consider whether any such body would duplicate the roll of existing bodies such as UNEP, a key role of which is monitoring, assessment and early warning on the global state of the environment. There are ongoing efforts to strengthen UNEP, in particular its role in monitoring and assessment. In this regard it is essential that we have coherence in the UN's environment activities, making full utilisation of the mechanisms we already have in place rather than developing new ones. We will reflect further on this in relation to related proposals for an International Mechanism of Science and Expertise in Biodiversity (IMoSEB) on which we comment below.

The CBD decided to consider at its next COP (Bonn 2008) the need for another integrated assessment of biodiversity and ecosystems.

- 19. Although we agree that there is a need to stem the continued devastating loss of biodiversity, we are not convinced that the current proposals to establish an IPCC-like body solely for biodiversity will be the answer. We argue that biodiversity loss is intricately linked to economic, development and other environmental factors and therefore a better solution must be to establish a body to consider these issues as a whole in a permanent MA body. In addition, the MA's focus on the benefits that humans receive from ecosystem services will also help to convince those countries that may be**

less willing to subscribe to a solely biodiversity-orientated body to engage with the more holistic MA approach. (Paragraph 87)

We consider that scientific evidence is crucial in raising political awareness and devising effective solutions to global biodiversity loss and ecosystem degradation. We note the Committee's view on proposals for an IPCC-like body and agree that we need to think carefully about the need for and form of any new mechanism; we do not want to duplicate efforts of established bodies or erode their competence. It may be that a number of mechanisms are needed, or that we need to build on and strengthen those that already exist. We support the ongoing consultation process on IMoSEB and will be taking a view on proposals as the consultation develops.

20. In our report, *Outflanked: The World Trade Organisation, international trade and sustainable development*, we highlighted a lack of consideration of the environment and development in international trade. We concluded that the current system must be changed to ensure that environmental issues are adequately accounted for in international trade. Given the right level of support an MA rolling programme with secretariat could facilitate this, acting as an interface between the WTO, Multilateral Environmental Agreements and other international organisations, as well as providing policy recommendations on sustainability through trade. (Paragraph 88)

As stated in the joint-government response to the report, *Outflanked: The World Trade Organisation, international trade and sustainable development*, the government does not believe consideration of the environment and development is lacking in trade policies. The UK Government's support for the inclusion of the environment as a dossier in the Doha Development Agreement (DDA) and for the EC's development of the Trade Sustainable Impact Assessment process reflects the importance attached to environmental issues in developing Government policy.

We do, however, recognise that there is more that could be done and we continue to consider how trade and environment policies can be made more complementary and mutually supportive. For this reason we strongly support the EC's position in the WTO Committee on Trade and Environment negotiations, in seeking to define a set of principles to guide the relationship between the WTO and MEAs, to facilitate mutual complementarity.

An MA rolling programme could be one other such way to facilitate and encourage the mutual supportiveness of trade and environment, though we would need to assess what extra expertise it would contribute and whether it would duplicate the role of existing institutions such as UNEP (see also our response to paragraph 83). Its success would be dependent on whether such a programme could provide a clearer perspective on the discussions, through providing scientific input and evidence of the impact trade has on ecosystems, as well as the impact ecosystems could have on trade and trading opportunities.

MA action in the UK - UK Government action on the MA

21. We commend the Government for being one of the main donors of this groundbreaking assessment. Nevertheless, the Government must now ensure that the findings are fully integrated into its work through the creation of a cross-departmental Ministerial group. The group should specifically manage inter-departmental coordination, implementation

and monitoring of policies against the MA and coordination of MA-related research. (Paragraph 95)

We agree that there is a challenge in ensuring that the findings of the MA are mainstreamed in policy and decision making across Government but consider that there may be a great deal of scope for this to be achieved through existing mechanisms including the ministerial sub-committee on sustainable development in government; the inter-departmental ministerial group on biodiversity and the cross-Whitehall working group on wellbeing. Government departments are already working together to respond to the MA (see also our response to paragraph 61). Defra is engaging a broad range of delivery partners, including other government departments, in its work to develop an ecosystem approach to the natural environment in England; and the UK biodiversity strategy is based on partnership, including between government departments. The Inter-departmental Ministerial Group on biodiversity, which provides a forum for discussion of international biodiversity issues, is currently considering an assessment of the UK's obligations and commitments with respect to international biodiversity, using the MA findings on the drivers and trends in biodiversity loss. This assessment, including a study of indirect drivers of biodiversity loss funded by DFID, will be used to discuss options for potential future engagement in tackling biodiversity loss internationally

- 22. Given that the main tool for the long-term cross-departmental maintenance of ecosystem services in the UK is the Sustainable Development Strategy, we consider it obvious that it must be reviewed to ensure that it is in line with the MA findings. Such a review should reflect the need to maintain ecosystem services both in the UK and abroad and therefore include the adoption of sustainable development indicators and PSAs that reflect this. Amendment of the SDS, sustainable development indicators and PSAs will enable incorporation of the MA findings in a more top-down way. The ultimate goal of this would be to, in effect, 'MA-proof' all Government activities. (Paragraph 98)**

Protecting natural resources and enhancing the environment nationally and internationally are already priorities under the UK Government's 2005 Sustainable Development Strategy *Securing the Future*, and arising from WSSD, the DDA of the WTO, the Monterrey Consensus on Financing for Development and the MDGs.

In the context of the Comprehensive Spending Review 2007, HM Treasury has identified natural resource protection as one of the long-term challenges that all Government Departments need to address through their objectives, targets and activities. The MA forms an important part of the available evidence-base for this activity and for any future review of the Government's Sustainable Development strategy. It will be taken into account in any future review of the Government's SD strategy

Action by departments – Defra

- 23. Given that a failing of the global MA was its lack of focus on the economic valuation of ecosystem services, as well as a lack of policy proposals directly relevant to many decision makers, we are very pleased to see that Defra is yet again funding important MA-related work that should lead to significant benefits to the environment, society and the economy. Nevertheless, due to the rate and extent of current ecosystem degradation, and the risk to society that such degradation causes, it is with some urgency that this research be completed. Defra must ensure that this research includes and takes note of**

independent research into policy options and has also led to concrete and robust policy outcomes, across Government, before the end of this Parliament. (Paragraph 102)

Defra is working towards publication, in late 2007, of an action plan to embed an ecosystems approach to conservation and enhancement of the natural environment in England. This, and its implementation, will be informed by a research programme that targets particular needs for policy development, including the need to better value ecosystem services; to assess the cumulative impacts of pressures on the natural environment, and to take decisions at all levels that work within environmental limits.

DFID

24. Given that DFID officials seem to realise increasingly the importance of the environment in reaching poverty reduction goals, and that DFID is looking to commission a range of important MA-related research projects, we are baffled as to why recent DFID White Papers have failed adequately to account for the role of the environment in development. This failure indicates to us that knowledge of the importance of the environment to development objectives has not permeated all levels of DFID. In its response to our criticism of its insufficient consideration of the environment, DFID stated that it “fully recognise[s] the need for action now”. Given this recognition, we expect all future policy documents to account fully for the MA’s findings. (Paragraph 106)

As in the response to the EAC report *Trade, Development and the Environment: The Role of DFID*, we are disappointed that the Committee has failed to recognise the emphasis we have placed on the environment in the new White Paper. The White Paper states the centrality of the environment and sustainable management of natural resources to our mission of poverty reduction. In his Preface, the Secretary of State says that managing our world sustainably is the most important challenge for a changing world. The Government has every intention of fulfilling the commitments set out in the White Paper.

DFID policy documents set out approaches to development in support of developing countries' own processes. We agree that policies should take account of cross-cutting issues, including the environment.

HM Treasury

25. As the CSR is a fundamental and long-term review of Government funding we are concerned that failure to satisfactorily incorporate the MA’s findings might, in effect, lock in unsustainable practices for that period. It is therefore extremely important that the CSR effectively reflect the need to address the MA findings, particularly in relation to ensuring that the full non-market value of ecosystems are fully accounted for across all policies. Therefore the research projects to identify the true value of different ecosystem services must be completed quickly and fed into the CSR, at least in an interim form, in order directly to influence its outcome. (Paragraph 109)

Departmental submissions for the 2007 Comprehensive Spending Review (CSR07) will be made in the light of the analysis of long-term opportunities and challenges published in November 2006, with Departments setting out their strategies for dealing with the most relevant long-term issues that confront them. HM Treasury has identified natural resources protection as one of the

long term challenges that all government departments need to address. As noted by the Committee, the analysis of long-term opportunities and challenges commissioned by the Treasury relied greatly on the MA.

Treasury Green Book guidance already sets out a framework for ensuring that non-market values feed into policy, programme and project decisions. Defra work on environmental valuation is intended to support that framework.

26. We greatly welcome the analysis of long-term opportunities and challenges, commissioned by the Treasury, to feed into the CSR. The analysis relied greatly on the MA and highlights that long-term economic prosperity is dependant upon a healthy and functioning environment. However, we are concerned that the Treasury concludes that it would be “important” to manage these environmental pressures. We believe this understates the fact that it is essential that these challenges are met, for long-term prosperity to be achievable. (Paragraph 112)

The analysis states (paragraph 7.49) that “long-term economic prosperity, both in the UK and globally, will depend on the healthy functioning of the environment”. While the document was not intended to provide a policy response to the trends identified, it does make clear the close link with the Government’s goal of sustainable growth and employment.

27. In relation to *a secure and fair world* the Treasury concluded that the UK alone would not be able to deal with “many” of the challenges identified. It stated that “[a]chieving focused UK engagement in multilateral efforts and the most effective use of the UK’s security, defence and development budgets will therefore be a key part of the Government’s response”. Given the interrelated nature of instability, terrorism, international poverty and climate change it is important that the Treasury accepts the need to create an environment in Government that enables action on these issues to be dealt with in concert, and provides the funding for this to occur. We would also like to point out that the UK can make a significant unilateral contribution to dealing with these issues such as through its procurement and taxation policies. Indeed, we have called on a number of occasions for more fiscal incentives and penalties to encourage more sustainable choices. (Paragraph 113)

The revised Government performance management framework being established through the CSR will see Government as a whole sharing a much more focused set of public service agreements. These will reflect the Government’s collective priorities and will assist concerted action on challenges that in practice cut across Departmental boundaries.

The Government’s response to the Sustainable Procurement Task Force’s report will be published shortly.

The Chancellor keeps all fiscal measures under review through the Budget and Pre-Budget Report processes.

28. Although the Treasury is right to highlight climate change as being a major challenge in relation to its long-term goals, the importance of other ecosystem services, such as those provided by biodiversity, should not be underestimated or forgotten in the CSR. Given that the MA proved the importance of these other ecosystem services, resources for

effective ecosystem management should not be squeezed in the CSR. The Treasury must ensure that the CSR reflect this need in the budgets decided for Defra, DFID and the relevant research councils. (Paragraph 114)

Departments are being asked to consider the long-term challenges they face and their strategy for dealing with them in their submissions for the CSR07. Settlements will reflect competing cross-Government priorities.

29. Nevertheless, although we have these concerns, we are encouraged that the Treasury had the foresight to undertake the long-term trend and challenges review and the Stern Review, and hope that this reflects an increased awareness in the Treasury for the need for decisive action on these issues. We also hope that the Treasury's statement that it would "work to release resources" to meet the environmental challenges identified is reflected in the decisive action needed. (Paragraph 115)

Resource allocations will be made through the CSR.

The Barker Review of Land Use Planning

30. Without doubt the expansion of development into new areas will bring some economic benefits but, as we have seen earlier, economic growth without adequate consideration of the environment or social impacts is unlikely to translate into increased human welfare. Although we reluctantly accept that development may be required on certain green field sites, we are not confident that the Barker Review has attempted to balance economic, environmental and social considerations, or to consider the full range of policy options that might be available to reduce land pressure. It has therefore not followed all the principles espoused by the MA. We hope that the Government will seek to redress this imbalance upon implementation of the Review's recommendations. (Paragraph 119)

The purpose of the Barker review of land-use planning was to consider how, in the context of globalisation, and building on recent reforms already put in place in England, planning policy and procedures can better deliver economic growth and prosperity alongside other sustainable development goals. Kate Barker has made wide ranging recommendations and a response to those will be set out in the Planning White Paper.

More generally, Government planning policy, in PPS3, aims to encourage regional planning bodies and local planning authorities to plan for housing on the basis of evidence of the level and type of need and demand, taking into account, amongst other things, likely future demographic trends and household formation patterns. The Government has a target that at least 60% of new housing should be provided on previously developed land. Currently performance against the target is being exceeded as some 77% of new housing is being provided on previously developed land. We want to see this success continuing.

A UK Millennium Assessment

31. We accept the Minister's point that integration of the MA findings must be undertaken in a systematic and coordinated manner and therefore we call for a Ministerial group to be established to oversee this process. This group must undertake to assess and evaluate the MA from a UK perspective, and coordinate the various stands of research that are being conducted and planned. Ultimately the Government should conduct a full MA-

type assessment for the UK to enable the identification and development of effective policy responses to ecosystem service degradation. (Paragraph 125)

The proposal for a Ministerial Group is addressed in our response to paragraph 95. We are aware that there is a level of support amongst the UK research community for a full-MA type assessment for the UK. But we must also take into account the risks of duplication of resources and opportunities for making use of existing assessment processes. There may prove to be value in a national assessment which pulls together existing initiatives for a more coherent approach to monitoring the status of and trends in ecosystem services, and predicting future impacts of drivers of change, but we would need to establish whether and how such an assessment would be useful to inform our policy and decision making in the future.

Defra's ecosystem approach research programme is funding work on status and trends in England's terrestrial ecosystems, and the goods and services they provide, and will draw on a wide range of current assessments of the natural environment. These include the Countryside Survey, biodiversity classifications and assessments, Countryside Quality Counts, and many others. It will also link with other MA related initiatives across the EU. Although this is not a full MA for the UK, it will be a comprehensive assessment and will advise on what more would be needed in order to achieve a full national assessment.

UK Overseas Territories

32. Considering the UKOTs lack of capacity, both financial and human, we find it distasteful that FCO and DFID stated that if UKOTs are "sufficiently committed" they should support environmental positions "from their own resources". The continued threat of the extinction of around 240 species in the UKOTs is shameful. If the Government is to achieve the World Summit on Sustainable Development 2010 target to significantly reduce the rate of biodiversity loss within its entire territory, the Government must act decisively to prevent further loss of biodiversity in the UKOTs. (Paragraph 133)

The responsibility for environment management has been devolved to the Overseas Territories governments. Funding from the Overseas Territories Environment Programme (OTEP) is available to assist the Overseas Territories (OTs) to deliver their Environment Charter commitments. The Committee referred to a proposal in an IIED paper for funding additional capacity, including staff. OTEP has a limited budget and it does not support permanent salaried positions because they would be unsustainable beyond the life of an individual project. However, OTEP does offer short-term technical assistance for approved projects.

Territories in receipt of bilateral development assistance from DFID (currently only Montserrat, Pitcairn Islands and St Helena), may include bids for long-term technical assistance posts in negotiations for budgetary aid.

The UK also supports the self-regulatory framework of the International Association of Antarctica Tour Operators (IAATO), an organisation set up to ensure safe and environmentally responsible tourism.

Defra have provided funding to a number of programmes. Through the Darwin Initiative we have contributed in excess of £1.5m on projects in Overseas Territories since 1993. We have supplemented our Darwin support indirectly through voluntary contributions made to

international agreements, in particular, the Agreement on the Conservation of Albatrosses and Petrels (ACAP), of which the UK was a founding member. We have given £110K as voluntary contributions to ACAP in the last few years. We also plan to contribute towards the costs of an officer later this year, who will co-ordinate ACAP activities in the South Atlantic territories.

33. We welcome the Defra Minister's recognition of the problems facing the UKOTs, and their lack of capacity to deal with the environmental challenges that they face. Given this and our international, not to mention moral, obligation to prevent biodiversity loss in the UKOTs, the Government must now move towards increased and more appropriate funding for conservation and ecosystem management there. The amount of resources required to undertake this work is miniscule in comparison to the environmental and social gains that would be expected. Such funding must be more long-term and strategic to enable the environmental capacity in the UKOTs to reach the levels required. Defra must be given joint responsibility for delivery of this. (Paragraph 140)

DFID and FCO have each allocated £1.5 million for the OTEP for the period 2003/4 - 2006/7. FCO has approved a further £469,000 per annum for OTEP for 07/08. Future FCO allocations to OTEP will be dependent upon the outcome of the CSR. DFID has allocated an additional £1.5 million to OTEP for the period 2007/8 - 2009/10. This represents approximately 30% of DFID/OTD's budget for regional programmes (competing priorities being disaster management, child protection, human rights and HIV/AIDS).

DFID and FCO agree that a longer-term funding commitment would enable a more strategic approach to be taken, but are currently providing resources to the Overseas Territories for environmental management to the fullest extent it is able. FCO and DFID consult Defra as appropriately in the delivery of OTEP projects and welcomes Defra's representation on the annual OTEP assessment panel.

The Joint Nature Conservation Committee (JNCC) is enhancing its support for biodiversity conservation in the Overseas Territories, in part due to increased resources from Defra through its financial settlement. JNCC has recently recruited a new post to work on Overseas Territories issues. Key areas of work for JNCC will include:

- developing environmental economics tools;
- in collaboration with relevant Overseas Territory administrations, establishing a post based in the Falklands to support implementation of the Agreement on Albatrosses and Petrels in the South Atlantic Territories;
- building on the recent audit of non-native species in the Overseas Territories to advise on strategic priorities for eradicating, controlling and preventing the establishment of non-natives;
- advising on the impacts of climate change on biodiversity and supporting the development of adaptation strategies.

The UK's scientific polar work also directly benefits biodiversity and conservation and ecosystem management. The UK plays a leading role within the Antarctic Treaty System in order to ensure the continued protection of the Antarctic environment. For example, in 2006 the UK was instrumental in the development of new Site Guidelines for tourist visits to key Antarctic sites. Similarly, the Environmental Management Plan for South Georgia seeks to set out a sustainable policy framework which conserves, manages and protects the island's rich

natural environment, whilst at the same time allowing for human activities and for the generation of revenue which enables this to be achieved. The 2007 surveillance report of the South Georgia toothfish fishery (recognised by the Marine Stewardship Council as a sustainably managed fishery) highlighted the specific environmental progress being made and, in particular, the significant reduction of bird bycatch to zero in 2006.

- 34. The range of environmental, social and economic challenges facing UKOTs will be better addressed by undertaking an MA-type assessment for each UKOT. The UK Government must work jointly with UKOT governments on an MA to ensure that their ecosystem services are not damaged further and preserved into the future. The Inter-departmental Ministerial Group on Biodiversity should seriously consider this as the route by which they can achieve their commitments to the UKOTs. (Paragraph 141)**

MA-type assessments would be eligible for funding under the joint FCO/DFID Overseas Territories Environment Programme (OTEP), subject to availability of resources and competing priorities.

Appendix 2

Letter from the Committee to the Chancellor of the Exchequer

I am writing to you in my capacity as Chairman of the Environmental Audit Committee Sub-committee on Trade, Development and Environment, to request some additional information to supplement that which was given in a recent Government response to our report on the *UN Millennium Ecosystem Assessment* (MA).

The Committee was pleased to receive the Government's response so soon after the publication of the report. We were also pleased by the generally positive tone taken by the Government in response to our recommendations. The Committee is particularly satisfied that the FCO, in direct response to the report, has undertaken work to ensure that the MA has been publicised to the UK's network of attachés, and that the Government is supporting moves to include the World Summit on Sustainable Development (WSSD) 2010 biodiversity target within the Millennium Development Goals.

Nevertheless, the Committee would like some further clarification in a couple of areas. These relate primarily to those recommendations the Committee made to the Treasury, and that is why I am writing to you rather than Barry Gardiner, who was kind enough to give evidence to us, and to whom this letter is copied. Please find attached in a separate document the recommendations that I refer to.

Firstly, the Committee recommended in paragraph 79 that a new econometric measure be introduced “that measures growth in a way that recognises environmental limits and more accurately describes human well-being”. This recommendation was made on the basis of evidence obtained from the World Bank, the Government’s Global Biodiversity Sub-Committee, the Sustainable Development Commission and the UN Millennium Ecosystem Assessment itself. The DEFRA Minister also described the introduction of new measure as “an attractive vision”, however he did stress the need for more research.

Given this body of evidence, and the Minister’s positive tone, we were disappointed that the Government’s formal response failed to answer directly our call for the introduction of a new econometric. The response instead outlined the Government’s intention to introduce additional sustainable development indicators that describe well-being, by the end of 2007. Although we welcome this better consideration of wellbeing, the Committee would like additional information on whether the Government is considering the introduction of a new measure to replace, or to be considered alongside, GDP.

Secondly, the Committee is concerned by the lack of detail given in the Government’s responses to our recommendations relating to the Comprehensive Spending Review. Although we accept that the Government might not wish to pre-empt the Review’s outcome, we seek further assurances that the Treasury will take seriously our concerns. We were pleased to see that the Treasury had identified natural resource protection as a long term challenge that needs to be addressed in the CSR. However, the Treasury’s assertion that departmental submissions will be made ‘in the light of these challenges, is not a clear assurance that these issues will be adequately addressed. In addition, in response to our recommendation that adequate resources are released to ensure that these challenges are met, the response that “resource allocations will be made through the CSR” says nothing of the Treasury’s intentions in this regard.

Given our disappointment with the proposals outlined in the PBR, we seek further assurances that the CSR will take a tougher stance on these issues in order to meet the large challenges identified by the MA. After all, this should be a priority for the Treasury as the MA found, much like the Stern Review, that effective ecosystem service management can lead to substantial economic benefits.

Colin Challen MP

Recommendations and Government responses of specific concern

1. We consider that the logical conclusion of research to value ecosystem services and to identify those factors that actually improve human well-being, will be the development of an econometric that measures growth in a way that recognises environmental limits and more accurately describes human well-being. Growth is, after all, not an end in itself. The Government must introduce an indicator of economic growth which incorporates the principles of sustainability and well-being as early as possible. (Paragraph 79)

The UK Government's sustainable development indicators measure trends in environmental, social and economic wellbeing. The indicators help review progress of the sustainable development strategies for the UK and devolved administrations, and highlight where the challenges are. They also help people to understand what sustainable development means globally, nationally, locally and for them as individuals.

The 2005 UK Sustainable Development Strategy recognised the need for the Government to get a better understanding and focus on wellbeing. To address this, Defra commissioned in 2006 a number of research projects to review existing research and international experience and to explore how policies might change with an explicit wellbeing focus. The research included a review of existing research on the social, economic and environmental factors influencing wellbeing, in addition to reviewing a range of wellbeing measures. It focussed on subjective wellbeing - how people think and feel about their lives - which had been little explored within Government, in order to develop a better grasp how policy can genuinely make a difference to people's lives. The research results have provided evidence to support the expansion of the existing sustainable development indicators to give a more complete picture of wellbeing trends. A specialist cross-Government group has been established to develop wellbeing indicators to add to the existing sustainable development indicator set. A provisional set of wellbeing indicators will be published in July 07.

2. As the CSR is a fundamental and long-term review of Government funding we are concerned that failure to satisfactorily incorporate the MA's findings might, in effect, lock in unsustainable practices for that period. It is therefore extremely important that the CSR effectively reflect the need to address the MA findings, particularly in relation to ensuring that the full non-market value of ecosystems are fully accounted for across all policies. Therefore the research projects to identify the true value of different ecosystem services must be completed quickly and fed into the CSR, at least in an interim form, in order directly to influence its outcome. (Paragraph 109)

Departmental submissions for the 2007 Comprehensive Spending Review (CSR07) will be made in the light of the analysis of long-term opportunities and challenges published in November 2006, with Departments setting out their strategies for dealing with the most relevant long-term issues that confront them. HM Treasury has identified natural

resources protection as one of the long term challenges that all government departments need to address. As noted by the Committee, the analysis of long-term opportunities and challenges commissioned by the Treasury relied greatly on the MA.

Treasury Green Book guidance already sets out a framework for ensuring that non-market values feed into policy, programme and project decisions. Defra work on environmental valuation is intended to support that framework.

3. In relation to a secure and fair world the Treasury concluded that the UK alone would not be able to deal with “many” of the challenges identified. It stated that “[a]chieving focused UK engagement in multilateral efforts and the most effective use of the UK’s security, defence and development budgets will therefore be a key part of the Government’s response”. Given the interrelated nature of instability, terrorism, international poverty and climate change it is important that the Treasury accepts the need to create an environment in Government that enables action on these issues to be dealt with in concert, and provides the funding for this to occur. We would also like to point out that the UK can make a significant unilateral contribution to dealing with these issues such as through its procurement and taxation policies. Indeed, we have called on a number of occasions for more fiscal incentives and penalties to encourage more sustainable choices. (Paragraph 113)

The revised Government performance management framework being established through the CSR will see Government as a whole sharing a much more focused set of public service agreements. These will reflect the Government’s collective priorities and will assist concerted action on challenges that in practice cut across Departmental boundaries.

The Government’s response to the Sustainable Procurement Task Force’s report will be published shortly.

The Chancellor keeps all fiscal measures under review through the Budget and Pre-Budget Report processes.

4. Although the Treasury is right to highlight climate change as being a major challenge in relation to its long-term goals, the importance of other ecosystem services, such as those provided by biodiversity, should not be underestimated or forgotten in the CSR. Given that the MA proved the importance of these other ecosystem services, resources for effective ecosystem management should not be squeezed in the CSR. The Treasury must ensure that the CSR reflect this need in the budgets decided for Defra, DFID and the relevant research councils. (Paragraph 114)

Departments are being asked to consider the long-term challenges they face and their strategy for dealing with them in their submissions for the CSR07. Settlements will reflect competing cross-Government priorities.

5. Nevertheless, although we have these concerns, we are encouraged that the Treasury had the foresight to undertake the long-term trend and challenges review and the Stern Review, and hope that this reflects an increased awareness in the Treasury for the need for decisive action on these issues. We also hope that the Treasury's statement that it would "work to release resources" to meet the environmental challenges identified is reflected in the decisive action needed. (Paragraph 115)

Resource allocations will be made through the CSR.

6. Without doubt the expansion of development into new areas will bring some economic benefits but, as we have seen earlier, economic growth without adequate consideration of the environment or social impacts is unlikely to translate into increased human welfare. Although we reluctantly accept that development may be required on certain green field sites, we are not confident that the Barker Review has attempted to balance economic, environmental and social considerations, or to consider the full range of policy options that might be available to reduce land pressure. It has therefore not followed all the principles espoused by the MA. We hope that the Government will seek to redress this imbalance upon implementation of the Review's recommendations. (Paragraph 119)

The purpose of the Barker review of land-use planning was to consider how, in the context of globalisation, and building on recent reforms already put in place in England, planning policy and procedures can better deliver economic growth and prosperity alongside other sustainable development goals. Kate Barker has made wide ranging recommendations and a response to those will be set out in the Planning White Paper.

More generally, Government planning policy, in PPS3, aims to encourage regional planning bodies and local planning authorities to plan for housing on the basis of evidence of the level and type of need and demand, taking into account, amongst other things, likely future demographic trends and household formation patterns. The Government has a target that at least 60% of new housing should be provided on previously developed land. Currently performance against the target is being exceeded as some 77% of new housing is being provided on previously developed land. We want to see this success continuing.

Reply from HM Treasury

Colin Challen MP
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Thank you for your letter of 18 April to Gordon Brown, about the Government response to the Environmental Audit Committee report on the *UN Millennium Ecosystem Assessment*. I am replying as Minister responsible.

You raised two particular points of relevance to the Treasury's work. The first of these was a proposal to introduce an econometric measure of economic growth that reflects environmental limits and wider human well-being.

The Treasury remains open to improvements in its econometrics and, indeed, is represented on a number of cross-Whitehall groups examining the implications of well-being analysis and the most suitable indicators to measure well-being. However, there is currently no specific work on a measure that combines economic growth and other considerations.

Our view is that it is more meaningful to recognise that the Government pursues a number of crucial objectives – of which sustainable economic growth is one – and that the best approach is to measure these objectives using the most suitable indicators for each, rather than trying to combine many aims into a single measure. The Comprehensive Spending Review (CSR) will bring forward a new set of Public Service Agreements that reflect genuine cross-Government priorities, with a much smaller set of indicators to measure performance against those priorities.

Your second point was to seek assurances that the detailed *Long-term opportunities and challenges* analysis would adequately feed into the CSR. You will understand that I am not in a position now to give any commitment about the final content of the CSR (beyond the departmental settlements that have already been announced), but I can confirm that addressing the long-term issues is one of the key goals of the CSR. Indeed, the changed nature of those issues is one justification for this Government undertaking its second *comprehensive* review of expenditure.

I should also highlight that spending allocations alone are not a good measure of how seriously the Government takes issues such as natural resource protection. We aim to take the most appropriate approach for any particular issue, which in some cases will be spending, but in others will involve a fiscal measure, regulation, engagement with the private sector or innovative approaches such as the cap-and-trade schemes we have helped to pioneer. March's Budget report showed our commitment to this approach by announcing, for example, spending to support a carbon capture and storage demonstration plant, significant increases in the landfill tax, and work with retailers and manufacturers to phase out most inefficient domestic lightbulbs, and by reaffirming our commitment to international carbon markets. In each case the approach is tailored to fit the circumstances.

I trust this gives you the necessary reassurance that we are taking very seriously the long-term analysis we undertook in advance of the CSR, which drew on the MA as you noted.

I hope that you will find this helpful.

JOHN HEALEY MP

Past reports from the Environmental Audit Committee since 1997

2006-07 Session

| | |
|--------|--|
| First | The UN Millennium Ecosystem Assessment, HC 77 |
| Second | The EU Emissions Trading Scheme: Lessons for the Future, HC 70 |
| Third | Regulatory Impact Assessments and Policy Appraisal, HC 353 |
| Fourth | The Pre-Budget Report 2006 and the Stern Review, HC 227 |
| Fifth | Trade, Development and Environment: The Role of FCO, HC 289 |

2005-06 Session

| | |
|----------|--|
| First | Greening Government: the 2004 Sustainable Development in Government Report, HC 698 |
| Second | Sustainable Timber, HC 607 |
| Third | Sustainable Procurement: the Way Forward, HC 740 |
| Fourth | Pre-Budget 2005: Tax, economic analysis, and climate change, HC 882 |
| Fifth | Sustainable Housing: A follow-up report, HC 779 |
| Sixth | Keeping the lights on: Nuclear, Renewables, and Climate Change, HC 584 |
| Seventh | Sustainable Development Reporting by Government Departments, HC 1322 |
| Eighth | Proposals for a draft Marine Bill, HC 1323 |
| Ninth | Reducing Carbon Emissions from Transport, H C981 |
| Tenth | Trade, Development and Environment: The Role of DFID, HC 1014 |
| Eleventh | Outflanked: The World Trade Organisation, International Trade and Sustainable Development, HC 1455 |
| Twelfth | Transport Emissions: Government Response to the Committee's Ninth Report of Session 2005-06 on Reducing Carbon Emissions from Transport, HC 1718 |

2004-05 Session

| | |
|---------|---|
| First | Housing: Building a Sustainable Future, HC 135 |
| Second | Corporate Environmental Crime, HC 136 |
| Third | World Summit on Sustainable Development 2002: A UK Progress Report, HC 381 |
| Fourth | The International Challenge of Climate Change: UK Leadership in the G8 and EU, HC 105 (<i>Reply Cm6617</i>) |
| Fifth | Environmental Education: Follow-up to Learning the Sustainability Lesson, HC84 (<i>Reply Cm6594</i>) |
| Sixth | Sustainable Public Procurement , HC 266 |
| Seventh | Pre-Budget 04 and Budget 05, HC 261 (<i>Reply HC 528</i>) |

2003-04 Session

| | |
|----------|--|
| First | Annual Report 2003, HC 214 |
| Second | GM Foods – Evaluating the Farm Scale Trials, HC 90 |
| Third | Pre-Budget Report 2003: Aviation follow-up, HC 233 |
| Fourth | Water: The Periodic Review 2004 and the Environmental Programme, HC 416 (<i>Reply, HC 950</i>) |
| Fifth | GM Foods – Evaluating the Farm Scale Trials, HC 564 |
| Sixth | Environmental Crime and the Courts, HC 126 (<i>Reply, HC 1232</i>) |
| Seventh | Aviation: Sustainability and the Government Response, HC 623 (<i>reply, HC1063</i>) |
| Eighth | Greening Government 2004, HC 881 (<i>Reply, HC 1259</i>) |
| Ninth | Fly-tipping, Fly-posting, Litter, Graffiti and Noise, HC 445 (<i>Reply, HC 1232</i>) |
| Tenth | Budget 2004 and Energy, HC 490 (<i>Reply, HC 1183</i>) |
| Eleventh | Aviation: Sustainability and the Government's second response, HC1063 |

| | |
|------------|--|
| Twelfth | Environmental Crime: Wildlife Crime, HC 605 (<i>Reply, HC 438</i>) |
| Thirteenth | Sustainable Development : the UK Strategy, HC 624 |

2002-03 Session

| | |
|------------|---|
| First | Pesticides: The Voluntary Initiative, HC100 (<i>Reply, HC 443</i>) |
| Second | Johannesburg and Back: The World Summit on Sustainable Development–Committee delegation report on proceedings, HC 169 |
| Third | Annual Report, HC 262 |
| Fourth | Pre-Budget 2002, HC 167 (<i>Reply, HC 688</i>) |
| Fifth | Waste – An Audit, HC 99 (<i>Reply, HC 1081</i>) |
| Sixth | Buying Time for Forests: Timber Trade and Public Procurement - The Government Response, HC 909 |
| Seventh | Export Credits Guarantee Department and Sustainable Development, HC 689 (<i>Reply, HC 1238</i>) |
| Eighth | Energy White Paper – Empowering Change?, HC 618 |
| Ninth | Budget 2003 and Aviation, HC 672 (<i>Reply, Cm 6063</i>) |
| Tenth | Learning the Sustainability Lesson, HC 472 (<i>Reply, HC 1221</i>) |
| Eleventh | Sustainable Development Headline Indicators, HC 1080 (<i>Reply, HC 320</i>) |
| Twelfth | World Summit for Sustainable Development – From rhetoric to reality, HC 98 (<i>Reply, HC 232</i>) |
| Thirteenth | Greening Government 2003, HC 961 (<i>Reply, HC 489,2003-04</i>) |

2001-02 Session

| | |
|--------|--|
| First | Departmental Responsibilities for Sustainable Development, HC 326 (<i>Reply, Cm 5519</i>) |
| Second | Pre-Budget Report 2001: <i>A New Agenda?</i> , HC 363 (<i>HC 1000</i>) |
| Third | UK Preparations for the World Summit on Sustainable Development, HC 616 (<i>Reply, Cm 5558</i>) |
| Fourth | Measuring the Quality of Life: The Sustainable Development Headline Indicators, HC 824 (<i>Reply, Cm 5650</i>) |
| Fifth | A Sustainable Energy Strategy? Renewables and the PIU Review, HC 582 (<i>Reply, HC 471</i>) |
| Sixth | Buying Time for Forests: <i>Timber Trade and Public Procurement</i> , HC 792-I , (<i>Reply, HC 909, Session 2002-03</i>) |

2000-01 Session

| | |
|--------|---|
| First | Environmental Audit: <i>the first Parliament</i> , HC 67 (<i>Reply, Cm 5098</i>) |
| Second | The Pre-Budget Report 2000: <i>fuelling the debate</i> , HC 71 (<i>Reply HC 216, Session 2001-02</i>) |

1999-2000 Session

| | |
|--------|---|
| First | EU Policy and the Environment: An Agenda for the Helsinki Summit, HC 44 (<i>Reply, HC 68</i>) |
| Second | World Trade and Sustainable Development: An Agenda for the Seattle Summit, HC 45 (Including the Government response to the First Report 1998-99: Multilateral Agreement on Investment, HC 58) (<i>Reply, HC 69</i>) |
| Third | Comprehensive Spending Review: Government response and follow-up, HC 233 (<i>Reply, HC 70, Session 2000-01</i>) |
| Fourth | The Pre-Budget Report 1999: pesticides, aggregates and the Climate Change Levy, HC 76 |

| | |
|---------|--|
| Fifth | The Greening Government Initiative: first annual report from the Green Ministers Committee 1998/99, HC 341 |
| Sixth | Budget 2000 and the Environment etc., HC 404 |
| Seventh | Water Prices and the Environment, HC 597 (<i>Reply, HC 290, Session 2000-01</i>) |

1998-99 Session

| | |
|---------|--|
| First | The Multilateral Agreement on Investment, HC 58 (<i>Reply, HC 45, Session 1999-2000</i>) |
| Second | Climate Change: Government response and follow-up, HC 88 |
| Third | The Comprehensive Spending Review and Public Service Agreements, HC 92 (<i>Reply, HC 233, Session 1999-2000</i>) |
| Fourth | The Pre-Budget Report 1998, HC 93 |
| Fifth | GMOs and the Environment: Coordination of Government Policy, HC 384 (<i>Reply Cm 4528</i>) |
| Sixth | The Greening Government Initiative 1999, HC 426 |
| Seventh | Energy Efficiency, HC 159 (<i>Reply, HC 571, Session 2000-01</i>) |
| Eighth | The Budget 1999: Environmental Implications, HC 326 |

1997-98 Session

| | |
|--------|---|
| First | The Pre-Budget Report, HC 547 (<i>Reply, HC 985</i>) |
| Second | The Greening Government Initiative, HC 517 (<i>Reply, HC 426, Session 1998-99</i>) |
| Third | The Pre-Budget Report: Government response and follow-up, HC 985 |
| Fourth | Climate Change: UK Emission Reduction Targets and Audit Arrangements, HC 899 (<i>Reply, HC 88, Session 1998-99</i>) |
