GROSS ECOSYSTEM PRODUCT (GEP) IN MACROECONOMIC MODELS

The benefits provided by ecosystem services, such as crop pollination and water purification, are of great importance to any economy, both directly and indirectly. Therefore, nature-sensitive decision making requires that such benefits are taken into account in economic decision-making. However, most assessments use GDP as the main indicator of economic development, without fully capturing nature's contribution to economic activity and human well-being.

The concept of Gross Ecosystem Product (GEP), which summarises the value of ecosystem services to the economy in monetary terms, is one way of overcoming these shortcomings in policy assessments. The technical report published by the Joint Research Centre introduces and demonstrates the new GEP module in the MAGNET macroeconomic model.

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Gross Ecosystem Product in macroeconomic modelling

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