



**EC@CSA**  
Reserva de Biodiversidad



# Natural Capital

Integrating ecosystems into the business and the society

**“Ecosystem services, natural capital & sustainable finance**

**David Álvarez García, Brussels, 26th November, 2019**



# Setting the path





# Natural Capital

Some concepts...



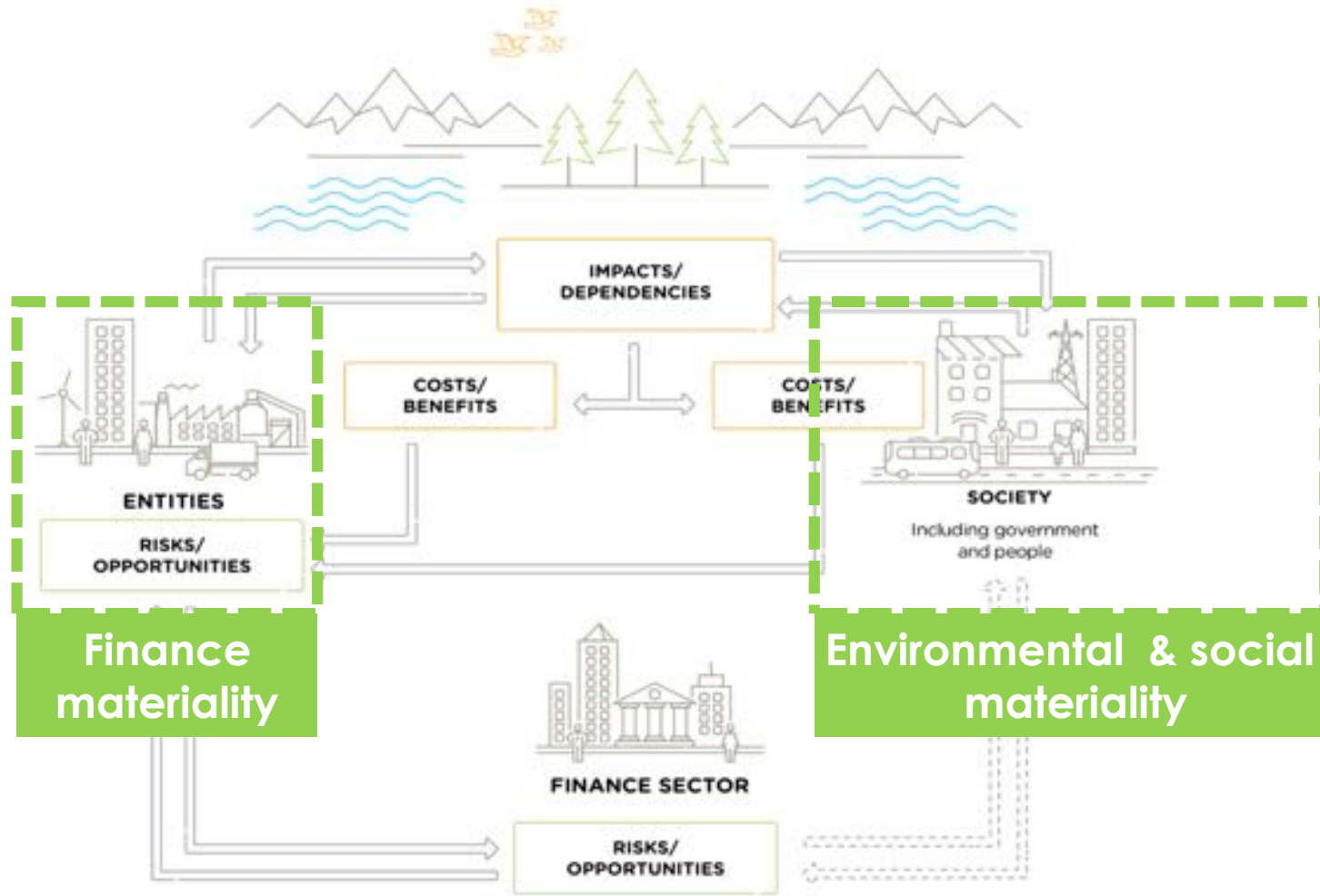
The **stock** of renewable and non-renewable **natural resources**, (e.g. plants, animals, air water, soils, minerals) that combine to yield a **flow** of **benefits** to people





# Natural Capital

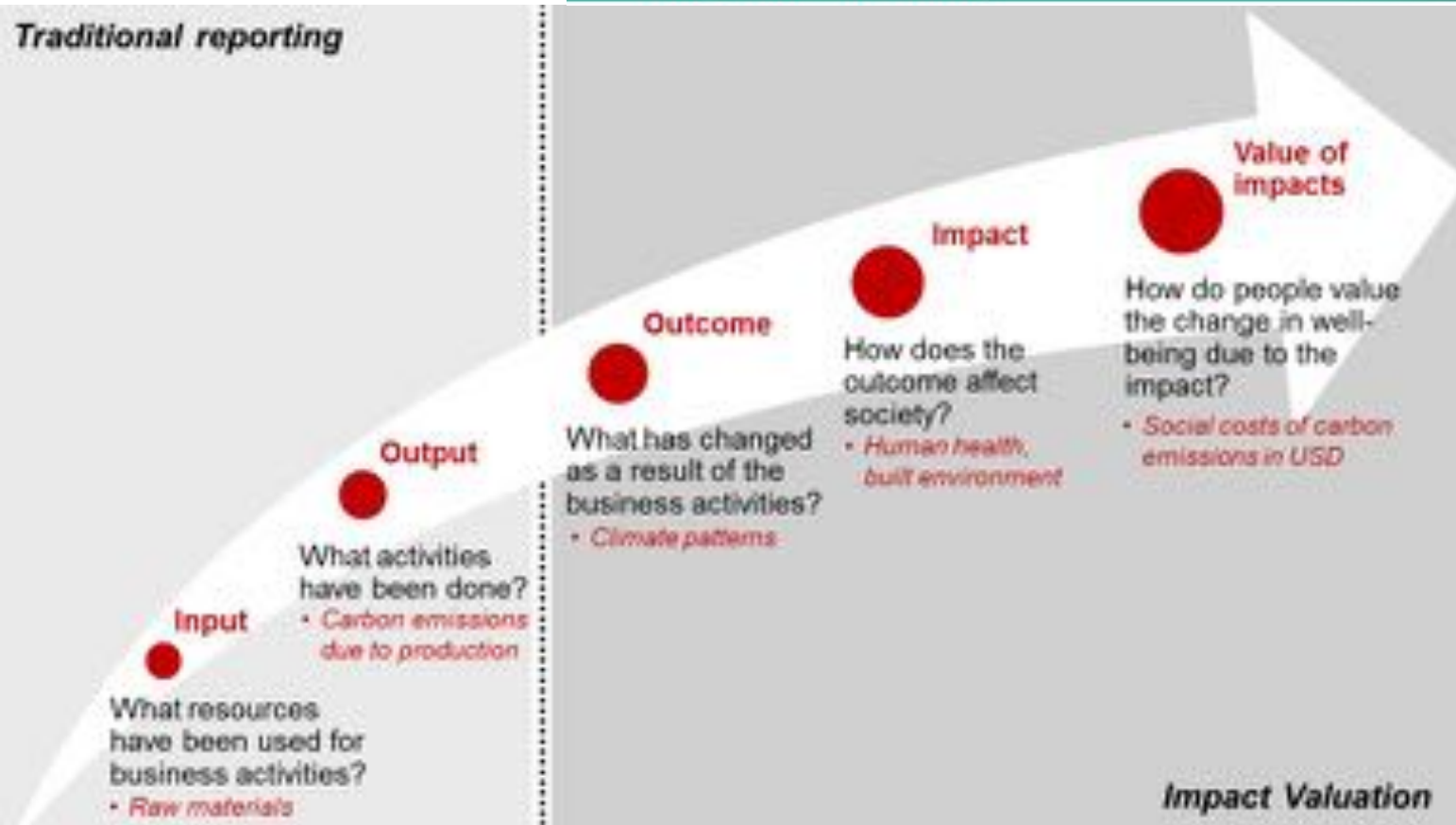
Some concepts...





# Drivers...

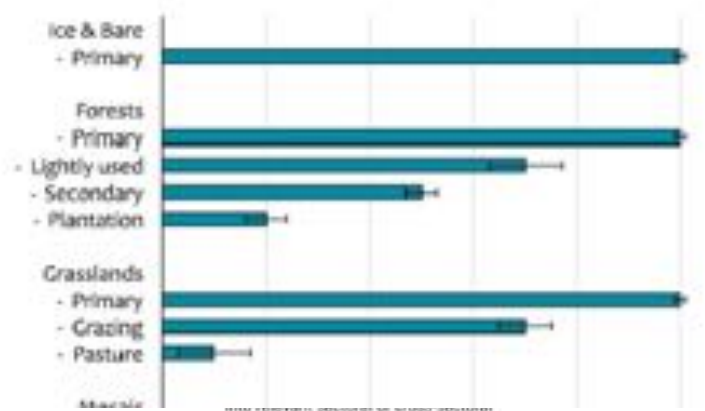
Some realities...



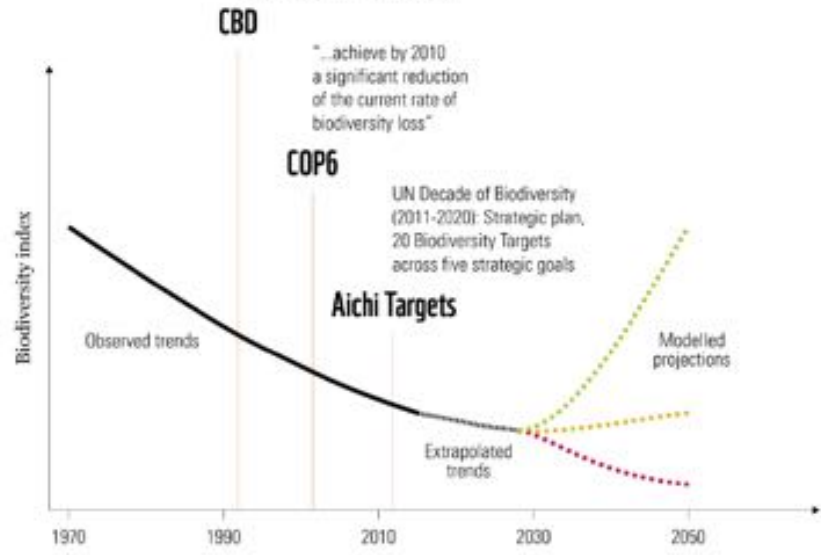


# Forests & ecosystem services

While forest provide multiple benefits..



plans, programmes and policies"



Category	Indicator	Value 1	Value 2	Value 3	Value 4	Value 5	Value 6	Value 7	Value 8	Value 9	Value 10	
ENVIRONMENTAL	Deforestation, fragmentation and degradation	11	8	26	15	26						
	Carbon stock, emissions	22	20	25	31	36	36	36	36	36	36	36
	Road and trail density	3	6	23	27	29						
	Animal diversity	12	7	18	12	22	15	15	20	26	38	
	Tree diversity	25	22	12								
	Canopy loss, gap size	19	19	40	18	25	3	3	3	3	18	31
	Collected storage	40	18	29	27	27	2	3	6	23	32	32
	Set aside and buffer zones						20	29				
	Illegal logging, logging, mining						11					
	Water regulation, erosion prevention						43					
SOCIAL	Ground disturbance						3	3	17	18	25	27
	Access to land						6	11				
	Infrastructure and institutions						26	26	6	11	11	
	Living & working conditions of employees						11	11	11	6	11	11
	Jobs						36	36	36			
	Conflict						1					
	Direct economic benefits to community						4	26				
	Compliance with harvest regulations						4	29				
	Community wellbeing and livelihoods						26	26	26	26	11	
	Awareness, empowerment, participation						4					
Equality equity, less marginalisation						11						
ECONOMIC	Price premium on products	28	1	28	28	28	21	28	28	28	28	28
	Profits	13	16	20	25	26	26	29	29	19	1	23
	Timber stock (sustainability of income)						25	29				
	Total lower cost of logging operations						13	24	27	33	39	19
	Harvest efficiency						25					
	Management and administration						1	1	26			
	Market access						1	26				
	Pre-logging costs						3	3	18	27	29	19
	Skidding cost						27	40	3	3	18	19
	Worker productivity						3	18	27	33	39	19

**LEGEND**

causal or meta-analysis  
case study

■ better  
■ same  
■ worse





# Finance sector



- **Assessment / rating of biodiversity performance by third parties, using external data:** rating the companies the portfolio invests in, including to engage these companies in order to reduce their impacts on biodiversity
- **Estimating, measuring and valuing biodiversity performance - Commitment to targets:** setting biodiversity impact reduction targets for the portfolio

## Common ground on...

- Metrics
- Methodology
- Scope
- Attribution (Investment value / Enterprise value)
- Pressures
- Impacts

... is being built



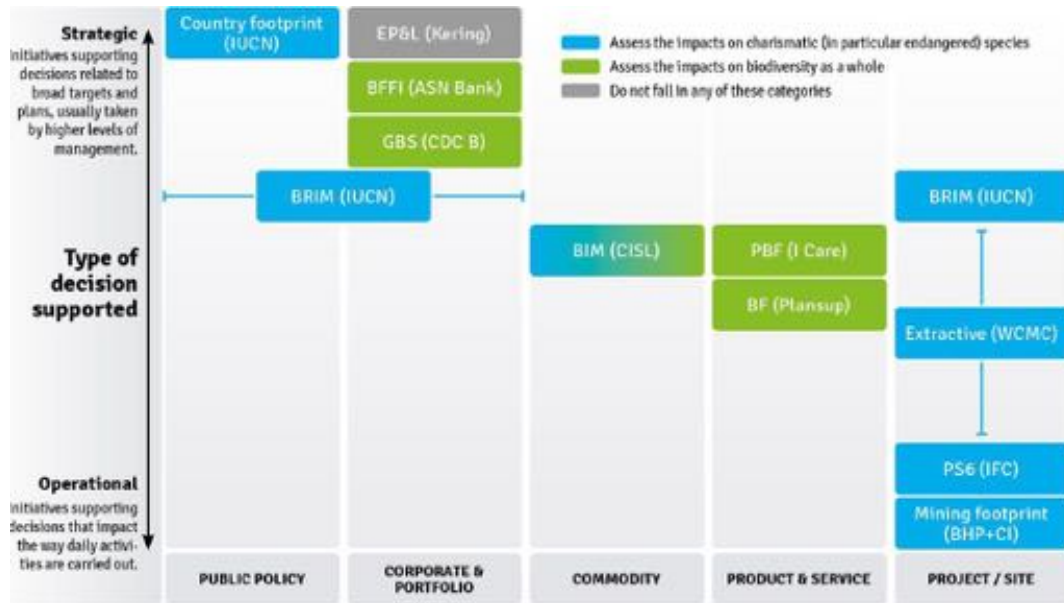


# Finance sector

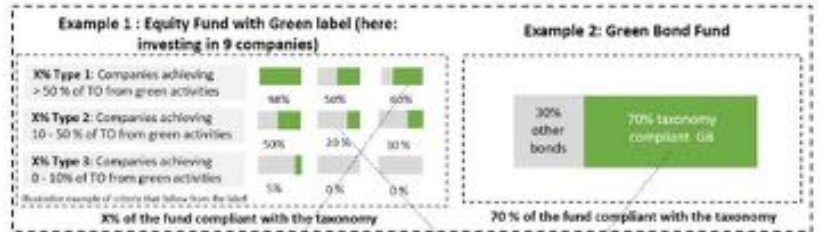


## Tools

## Portfolio assessment



Financial products offered to investors by financial market participants



Investable Financial Assets



Companies\*



\* To fully measure the environmental performance of a company, one should also take into account one or more indicators regarding the activities of the company that are not taxonomy compliant.

Economic Activities and related Assets





## And then?

- The architecture of the system is being built and it has to be built under consensus
- Forest provides more benefits than just wood. They all have to be considered, managed and valued because they contribute to provide positive impact.
- ...nevertheless, forest sector is not widely addressing this issue (ForestValue)
- The sector has to work intensely on demonstrate and guarantee these other attributes
- Finance sector is changing their regarding sustainability. Changes are becoming too fast. Forest sector has to adapt to this or a huge opportunity for funding could be lost





# MANY THANKS!

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