



Natural capital as a driver of growth for companies – an EU perspective

**The State of the Green Economy in Italy
States General of the Green Economy 2015**

Laure Ledoux, DG Environment

Rimini, 3/10/2015



Content

1. The EU Biodiversity Strategy to 2020 and the private sector
2. The EU B@B Platform – recent developments
3. Natural Capital Financing Facility
4. BES: opportunities and challenges for businesses in Italy

EU Biodiversity Strategy and the private sector

The EU Biodiversity Strategy:

- **Recognises the essential role of businesses in reaching EU biodiversity targets**
- **Highlights the need for innovative financing mechanisms and the role of Public Private Partnerships (PPPs)**

Inputs of business organisations:

- **into specific Working Groups, public consultations**
- **through the EU Business and Biodiversity Platform**

Two main business motivations for engagement in B@B activities:

- **Brand Recognition/Market Purposes** (social license to operate)
- **Risk management** (supply chain risks, sourcing, future legislation e.g. mining/retail, finance sector)

EU Business and Biodiversity (B@B) Platform

Phase 2 of EU B@B launched in 2014 with aim to provide:

- Communication and coordination
- Umbrella function in support of MS Actions
- Forum for exchange on strategic issues with Business

Develop workstreams linked with actions under the EU Biodiversity Strategy

- Natural Capital Accounting
- Innovation for biodiversity and business opportunities
- Financing for biodiversity

Membership

- ~250 members today (+20 MNEs, +100 SMEs)

Dedicated Website, Newsletter and Annual Conference

- Main communication tool
- Exchanges and updates via emails



EU B@B Platform – Natural Capital Accounting (1)

Aim: not to develop new methodologies, but build upon and link existing approaches.

2014 work: developed a guide & decision-matrix tool to help companies decide what NCA approach to undertake.

Objective of 2015 work: 'Investigate natural capital accounting linkages between businesses, governments and financial institutions, with a focus on applications (i.e. uses), approaches (e.g. methodologies and tools), data requirements and data sources'.

BUT: Main focus on reporting and accounts

Approach: questionnaire survey, literature review and workshop

EU B@B Platform – Natural Capital Accounting (2)

Output of 2015 work:

- **Business and government reporting and accounts not fully aligned**
- **Lack of certain types of data**
e.g. dose-response, biodiversity, restoration costs etc.
- **Problems over sharing data**
Intellectual property, competitive advantage & cost sharing etc.
- **Challenges around valuation**
Difficulties, lack of consistency and opposition.
- **In particular requiring**
Greater co-operation, alignment and shared incentives over:
Approaches, new studies and data sharing



EU B@B Platform – Innovation (1)

Aim: promote innovation that contributes to nature and biodiversity conservation and provides business opportunities

Year 1 work (Oct 13-Oct14) gathered and showcased 21 innovations received from Platform members and observers

Objective of Year 2 work (Oct 14-Oct15) was:

'To broaden the number of innovation case studies and dig deeper into a sub-set of these cases to assess how best to scale-up the most promising partnership models.'

Approach: call for case studies, selected in depth analysis



EU B@B Platform – Innovation (2)

Output of 2015 work:

Scale of reduced risks or potential gains to nature

- **Restoration of 100,000's of hectares of habitat**
- **Enhanced diversity and abundance of species**
- **Significant restoration of a wide range of ecosystem services in terrestrial, freshwater and marine environments**

Ease of implementation & practical opportunities for enabling growth

- **Scalable and feasible to varying extents**
- **Barriers and constraints largely surmountable**
- **Opportunities for public sector to leverage private sector activity**
- **Potential EU level enabling actions identified**

Underpinning economic case for the innovation

In most cases failure of the market to capture costs to business and to society of damages to nature; Strong underpinning economic case:

- **Value added for business**
- **Enhanced public environmental goods**
- **Enhanced and sustained corporate tax returns to the public exchequer**

EU B@B Platform – Financing (1)

**Aim: Demonstrate the benefits of pro-biodiversity investment
Showcase biodiversity financing schemes
Showcase biodiversity champions in the finance sector**

2014 work provided a broad overview of activities in these areas with case studies of 15 Platform members

Objective of 2015 work was to:

'Undertake more detailed analysis of financial needs and opportunities in key areas of biodiversity action, and examine the role of different sources of finance in addressing these needs and opportunities'.

Approach: Discussion paper based on initial desk research. Formed basis for Call for Evidence from members, observers and representatives



EU B@B Platform – Financing (2)

Output of 2015 work:

Preparation of 5 thematic papers assessing opportunities in:

- **Certified goods and services;**
- **Biodiversity offsetting and other activities targeted at achieving no net loss;**
- **Green infrastructure;**
- **Payments for ecosystem services and bio-carbon markets;**
- **Other pro-biodiversity goods and services.**

Each paper introduces the theme, scale of market opportunities, financing challenges and sources of finance

Papers available on B@B Platform website



Natural Capital Financing Facility (NCFF)

➤ Rationale:

- Too little financing for biodiversity and climate change adaptation, whilst business opportunities remain unexploited

➤ Objectives:

- address the market failure and demonstrate to private investors the attractiveness of revenue-generating or cost-saving natural capital projects;
- leverage funding from private investors for investments in ecosystems and ecosystem-based solutions to climate change adaptation.

➤ € 100-125 million Investment facility during 2015-2017

- Executed by EIB; EU contribution: € 60 million

➤ Project categories:

- 1. Payments for ecosystem services, 2. Green infrastructure projects, 3. Pro-biodiversity and pro-adaptation businesses, 4. Projects involving biodiversity offsets



Mid-term review of the EU biodiversity strategy

Continuing loss of biodiversity and degradation of ecosystem services

- Need to step up action to reach 2020 targets

Engagement of all actors and role of partnerships

- B@B platform

Follow-up

- Importance of implementation
- Natural capital within and outside Natura 2000, TEN-G
- Integration into sectors and decision-making
- Role of financing
- SDGs

EU B@B platform - Next Steps and challenges

Number of businesses engaged

- Better sector balance and geographic balance

Establish links and encourage National Platforms

- Provide visibility for existing Platforms - DE, DK, ES, FI, FR, NL, PL, PT, SE and UK
- Encourage creation of Platforms in more Member States

Next steps

- Follow-up to mid-term review of EU biodiversity strategies
- Opportunities for the private sector & role of PPP
- International level (CBD, World Bank, UN)



Thank you for your attention

Companies and NGOs/Associations welcome to join:
<http://ec.europa.eu/environment/biodiversity/business/>

More info on NCFF

<http://www.eib.org/products/blending/ncff/index.htm>

and http://ec.europa.eu/environment/life/funding/financial_instruments/ncff.htm

Contact: NCF_Instrument@eib.org

The EU mandate (March 2010)

- Adoption of a long term (2050) vision

By 2050, European Union biodiversity and the ecosystem services it provides – its natural capital – are protected, valued and appropriately restored for biodiversity's intrinsic value and for their essential contribution to human well-being and economic prosperity, and so that catastrophic changes caused by the loss of biodiversity are avoided

- Adoption of a mid term (2020) headline target

Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss



EU Biodiversity Strategy to 2020

2050 Vision

2020 headline target

6 Targets:

