Combining forces on Natural Capital
Carl Obst and Marta Santamaria

24th London Group Meeting

@NatCapCoalition #NatCapProtocol
The Coalition

The Natural Capital Coalition was established by the natural capital community as a collaborative space to harmonize approaches and grow a supportive enabling environment for natural capital thinking.

Purpose
To mainstream the inclusion of natural capital in decision making, harmonizing approaches and getting them to scale, quickly.

Our Vision
A world that conserves and enhances natural capital

The Coalition represents almost 300 organizations.
Enabling Environment

“The context needed to support the transition to a society in which natural capital approaches are an integral part of public and private decision making.”

‘Government Dialogue’ a government led dialogue on their role in creating an enabling environment for natural capital approaches

‘Combining Forces’ a focal point to bring together national, local and business approaches to natural capital

‘Regional Platforms’ local collaboration connected through the global Coalition and building growth and application of natural capital thinking
‘Combining Forces’ provides a focal point to bring together different strands of thinking on natural capital. It is an open, cross-cutting network of experts from all sectors, working together to ensure that the value of nature is included in decision making.

We intend to:
• continue to support each other’s work;
• clarify how approaches overlap and combine; and,
• produce materials to support the inclusion of natural capital in public and private decision making.

We welcome other organizations joining this collaborative movement.
**Combining Forces – Activities**

**Webinars and workshops**
- Australia, Netherlands, US, Global webinars, Regional workshops
- Natural capital events in Paris – November 2018

**Research**
- Thought leadership paper being drafted on opportunities, benefits, gaps and synergies

**Case studies**
- Seeking short descriptions (2-3 page) of projects demonstrating the potential and relevance of Combining Forces

**Communications**

Connect with Combining Forces, find opportunities to collaborate, propose areas for engagement and sign on to the initiative by visiting [https://naturalcapitalcoalition.org/projects/combining-forces-on-natural-capital/](https://naturalcapitalcoalition.org/projects/combining-forces-on-natural-capital/).
NATURAL CAPITAL APPROACHES / FRAMEWORKS
The natural capital “soup” *

* See annex for explanations
An initial de-cluttering of natural capital

INITIATIVES/NETWORKS

- Green Economy
- CBD
- Global Compact
- ESP
- MA
- NatCapProject
- UN PRI
- ACES
- WAVES
- CDSB
- ABB
- GGKP
- WBCSD

FRAMEWORKS / APPROACHES

- NCP
- SEEA
- Wealth Accounting
- TEEB
- CNCA
- EP&L
- InVeST
- ARIES
- EO4EA
- Data / Models
- GRI
- GEP
- TBL
- SDG
- Aichi target 2.1

APPLICATIONS

- IR
- I-O modelling
Integrating thinking in approaches to natural capital
Informing decisions
Integrating thinking in approaches to natural capital
Informing decisions

WHO?

Public Sector

Private Sector

WHY?
Integrating thinking in approaches to natural capital
Informing decisions

WHAT?
High level Frameworks

WHO?
Public Sector
Private Sector

UN SEEA
NATURAL CAPITAL PROTOCOL
Integrating thinking in approaches to natural capital
Informing decisions

WHAT?
- Wealth index
- Inclusive Wealth
- Pressure-State-Response
- UN SEEA

WHO?
- Public Sector
- Private Sector

High level Frameworks
- Natural Capital Protocol
- Who?
- Why?
Integrating thinking in approaches to natural capital
Informing decisions

WHAT?
WHY?
Public Sector
UN SEEA
NATURAL CAPITAL PROTOCOL

High level Frameworks

HOW?

Private Sector
Pressure-State-Response

Inclusive Wealth
Pressure-State-Response
UN SEEA
NATURAL CAPITAL PROTOCOL

How it is applied
Natural resources or asset accounts
Flow or satellite accounts
Environmental activities accounts

How it is applied
Environmental balance sheet
Environmental profit and loss accounts
Corporate natural capital accounts

WHO?

Inclusive Wealth
Wealth index
Pressure-State-Response

Public Sector
Private Sector
Integrating thinking in approaches to natural capital
Informing decisions

**WHAT?**

**WHO?**

Public Sector

Private Sector

**HOW?**

**How it is applied**

- Natural resources or asset accounts
- Flow or satellite accounts
- Environmental activities accounts

**Assessments**

- Cost benefit analysis
- Policy impact assessments
- Modelling
- Input-Output analysis

**UN SEEA**

**WHY?**

**High level Frameworks**

- Inclusive Wealth
- Wealth index
- Pressure-State-Response

**NATURAL CAPITAL PROTOCOL**

- Environmental balance sheet
- Environmental profit and loss accounts
- Corporate natural capital accounts

**Assessments**

- Risk and opportunity
- Impact to stakeholders
- Total value / impact
- Option appraisal
- Communication
Integrating thinking in approaches to natural capital
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WHAT?

HOW?

How it is applied
Natural resources or asset accounts
Flow or satellite accounts
Environmental activities accounts

Assessments
• Cost benefit analysis
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Assessments
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THE SYSTEM OF ENVIRONMENTAL-ECONOMIC ACCOUNTING (SEEA): INTRODUCTION
The types of environmental-economic accounts

SEEA Framework
Why does natural capital matter to business?

Many natural capital risks and opportunities are becoming increasingly visible, and **business needs a way to understand and manage these.**

**Operational**
(e.g. increasing cost of scarce resources, supply interruption due to changes in weather, efficiency gains from alternative sourcing)

**Legal and regulatory**
(e.g. advantage over future legislation, increased chance of winning permits and licenses)

**Reputational and marketing**
(e.g., negative media coverage of impacts, new ‘greener’ markets and products)

**Societal**
(e.g., health impacts on local communities, positive social contribution from ecosystem services, social license to operate)

**Financing**
(e.g. improved access to finance, or increased margins)
Creating the Protocol: Defining the need

The Coalition scoped the need with over 80 businesses from across the globe and across 15 sectors. They said:

We need a clear framework for understanding natural capital, that is accessible, flexible and aligned…

…a framework that conveys credibility and relevance…

…a framework that drives meaningful results that are comparable, decision-useful, and have the potential to unlock real value…

The main drivers for businesses to look at natural capital included:

• Improved risk management
• Better decision making
• Increased competitive advantage
• Balanced and comparable reporting
The **Natural Capital Protocol** is a standardized framework for business to **identify, measure and value** its direct and indirect impacts and dependencies on **natural capital**.
What do Capitals provide?

- Impacts
- Dependencies
- Dependencies
- Value
- A systems approach

Separate issues
OPPORTUNITIES AND CHALLENGES OF COMBINING FORCES
Linking the NCP and SEEA
Linking the NCP and SEEA

Guidance on decision-making process

Valuation of non-monetary transactions

Data, knowledge and experience sharing

1. Get started
2. Define the objective
3. Scope the assessment
4. Determine the impacts and/or dependencies
5. Measure impact drivers and/or dependencies
6. Measure changes in the state of natural capital
7. Value impacts and/or dependencies
8. Interpret and test the results
9. Take action

Asset Extent
Asset Condition
Services
Benefit

System of Environmental Economic Accounting
Key challenges

- Scale issues
- Time frames
- Data access
- Many players
COMBINING FORCES: MOVING FORWARD
Possible areas of future focus

Harmonization of **frameworks and concepts**

**Methodological progress** (ecosystem services accounting and value of impacts to society)

**Source of data and information**
Questions

**Why?** Do you think combining forces will be beneficial?

**What?** What should be the focus?

**How?** How should move forward?
THANK YOU!

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Annex: Explaining the natural capital “soup”

- MA: Millennium Ecosystem Assessment
- ESP: Ecosystem Services Partnership
- NCC: Natural Capital Coalition
- NCP: Natural Capital Protocol
- SEEA: System of Environmental-Economic Accounting
- WAVES: Wealth Accounting and Valuation of Ecosystem Services
- CNCA: Corporate Natural Capital Accounting
- UN PRI: United Nations Principles for Responsible Investing
- TBL: Triple Bottom Line
- CDSB: Climate Disclosure Standards Board
- ACES: A Community of Ecosystem Services
- A4S: Accounting for Sustainability
- EP&L: Environmental Profit and Loss
- WBCSD: World Business Council on Sustainable Development
- KIP-INCA: Knowledge Innovation Project- Integrated Natural Capital Accounts
- ABBI: Australian Business for Biodiversity Initiative
- TEEB: The Economics of Ecosystems and Biodiversity
- ARIES: Artificial Intelligence for Ecosystem Services
- I-O modelling: Input-Output modelling
- SDG: UN Sustainable Development Goals
- IR: Integrated Reporting
- IPBES: Inter-governmental Process on Biodiversity and Ecosystem Services
- CBD: Convention on Biological Diversity
- GEP: Gross Ecosystem Product
- EO4EA: Earth Observation for Ecosystem Accounting
- InVeST: Integrated Valuation of Ecosystem Services and Trade-offs
- UNEP-FI: United Nations Environment Program – Finance Initiative
- NatCap: Natural Capital Project (Stanford)