

Scottish Wildlife Trust

FAQs

Natural Capital



1 *What is natural capital?*

Natural capital can be defined as the world's stocks of natural assets which include geology, soil, air, water and all living things. It is from this natural capital that humans derive a wide range of services, often called ecosystem services, which make human life possible.

2 *Is there a need to value nature in economic terms?*

At the moment, nature is often economically invisible, which is one of the main drivers for its destruction. With financial capital, when we spend too much we run up debt, which if left unchecked can eventually result in bankruptcy. With Natural Capital, when we draw down too much stock from our natural environment we also run up a debt which needs to be paid back. If we keep drawing down stocks of Natural Capital without allowing or encouraging nature to recover, we run the risk of local, regional or even global ecosystem collapse.

3 *Isn't nature priceless?*

Nature may be priceless, but it is not valueless. There is now a broad acceptance that as long as the value of nature remains invisible in economic decision-making, corporate and state sectors will simply continue to generate financial profits through running up a massive natural capital overdraft.

4 *What is natural capital accounting?*

Natural capital accounting is an emerging concept which sees businesses and governments measure their use of – and their impact on - natural capital in financial terms. They can then use this information to help better manage these environmental impacts.

5 *Why do some people worry that this is about nature being privatised?*

Valuing natural capital can be a complex subject; as such it is easily misunderstood or misrepresented. Natural capital accounting is about measuring our impact on our natural environment in order that we, as a society, can make better decisions that will protect it. Some people worry that it will lead to the buying and selling of natural assets. The reality is that timber, meat, minerals and so on are already traded but the costs of producing or extracting them remain largely invisible. Natural capital, by contrast, looks at the full value – and not the just the market value – of the benefits we derive from nature. Smarter choices with regard to use of natural resources will lead to better outcomes for society, the economy and ultimately global biodiversity.

6 *Why do we need to work with businesses?*

As environmentalists, we can't solve these problems alone. Business activities impact hugely on the natural environment so, to make a real difference and address these impacts in a meaningful way, there needs to be an open discussion between environmentalists, business leaders, governments and others, so that the corporate world becomes part of the solution. An increasing number of businesses are aiming to make a net positive contribution to our natural capital, for the benefit of biodiversity, the economy and society.

7 *Why does Scottish Wildlife Trust believe natural capital is something we should take seriously?*

Natural capital is a critical asset to society's health and wellbeing but ecosystems continue to be degraded and species continue to decline both globally and closer to home in Scotland. Society urgently needs to gain a better understanding of the impacts it has on the world's rapidly diminishing natural resources. The Scottish Wildlife Trust believes it is necessary to work with businesses and governments alike to help develop and implement robust methodologies for accounting for natural capital.

8 What do other environmental organisations think?

A host of leading environmental organisations were involved in the World Forum on Natural Capital, including the United Nations Environment Programme, International Union for Conservation of Nature, The Wildlife Trusts, WWF, Conservation International, The Nature Conservancy, World Resources Institute, The Convention on Biological Diversity, The Prince's Accounting for Sustainability Project, Endangered Wildlife Trust and GLOBE International. The story behind the event, which was organised by the Scottish Wildlife Trust to help protect nature, is here: (<http://www.naturalcapitalforum.com/the-story-behind-the-event>).

Some perspectives on natural capital from the world of conservation are listed in the appendix to this briefing.

9 How do we manage the risks?

It is vitally important that all stakeholders are involved in the debate around natural capital and natural capital accounting mechanisms so that conservation goals, human rights and economic objectives are all taken into account. We need to avoid poorly designed systems and processes that don't take into account all of the values that nature provides or have unintended consequences that further deplete natural resources or negatively impact on indigenous people. The key is not only to measure the total value of our natural capital, but also to measure how benefits are distributed. This requires transparency and collaboration.

10 What is the vision of the Scottish forum on Natural Capital?

The Scottish Forum on Natural Capital brings together public, private and voluntary sector organisations that seek to protect and rebuild Scotland's natural capital. The vision is of:

- A Scotland in which all parts of society, including companies, NGOs, the Government, public bodies and communities, recognise our reliance on natural capital and the impact we have on it
- A Scotland in which an understanding of our relationship with natural capital leads to action to protect and rebuild it
- A Scotland which is exercising leadership to galvanise action both here and beyond Scotland's borders

More information can be found at: www.naturalcapitalscotland.com

Appendix 1

Perspectives on natural capital from the world of conservation

IUCN

You can read an interview with the Director General of the International Union for Conservation of Nature (IUCN) with The Guardian here:

<http://www.theguardian.com/sustainable-business/natural-capital-way-forward-iucn>

WWF, Conservation International and Birdlife International

The following position statement (“Investing in natural capital as part of a green economy”) is from WWF, Conservation International and Birdlife International:

http://www.conservation.org/global/europe/what_we_do/Documents/ACP-EU%20position%20paper.pdf

WWF

WWF explains: “Capital has often been thought of narrowly as physical capital – the machines, tools, and equipment used in the production of other goods, but our wealth and well being also relies on natural capital. If we forget this, we risk degrading the services that natural ecosystems provide, which support our economies and sustain our lives.” WWF is involved in the Natural Capital Project:

<http://worldwildlife.org/projects/the-natural-capital-project>

The Nature Conservancy

Also involved in the Natural Capital Project, The Nature Conservancy is a leading conservation organization working around the world to protect ecologically important lands and waters for nature and people, believes it is vitally important to protect natural capital. Their website points out that “Human wellbeing depends on the services and assets that nature provides for free”:

<http://www.nature.org/ourinitiatives/urgentissues/peopleandconservation/natural-capital.xml>

The Prince’s Accounting for Sustainability Project

Prince Charles has long been a champion of more sustainable business practices. Read about the Prince’s Accounting for Sustainability Project below (“The ultimate source of all economic capital is natural capital and the world economy is a subsidiary of nature, not the other way round.”):

<http://www.accountingforsustainability.org/embedding-sustainability/the-economic-invisibility-of-nature-information-is-beautiful-images>

World Resources Institute

You can download a report by the World Resources Institute, “Restoring Nature’s Capital”, here:

<http://www.wri.org/search/site/nature%27s%20capital>

Endangered Wildlife Trust, South Africa

“It is going to be essential for companies to demonstrate that they operate within the limits of natural systems and preferably that they also provide a “net gain” in terms of natural capital. It has been stated that “for businesses to remain competitive they will have to identify their impact and dependencies on environmental infrastructures, both current and future. With this deeper understanding, they can then take steps – individually and collectively – to manage and protect the natural capital that supports the global economy.”

<http://www.ewt.org.za/business.html>

The Convention on Biological Diversity

The CBD has declared the Natural Capital Declaration a biodiversity champion:

<http://www.naturalcapitaldeclaration.org/2013/11/the-convention-on-biological-diversity-declares-natural-capital-declaration-a-biodiversity-champion/>