

Nature in brief

10: Natural Capital



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Natural Capital can be defined as the world's stocks of natural assets which include **geological resources, soil, air, water and all living things**.

It is from this natural capital that humans derive a wide range of essential services, often called **ecosystem services**, which make human life possible.

Obvious ecosystem services include the **food and water** we eat and drink, or the plant materials we use for fuel, **building materials** and **medicines**. There are also many less visible ecosystem services such as the **climate regulation, flood defences** provided by natural vegetation, the billions of tonnes of **carbon** stored by **peatlands** and **forests** and the **pollination** of crops by insects.

With financial capital, when we spend too much we run up debt which, if left unchecked, can result in bankruptcy. With natural capital, when we draw down too much **stock from nature** we also run up a debt which ultimately needs to be paid back, for example by allowing clear-cut forest to regenerate, or by allowing aquifers to replenish water abstraction. If we keep drawing down stocks of natural capital without allowing nature to recover, we run the risk of local, regional or even global **ecosystem collapse**.

Poorly managed natural capital is therefore not only an ecological liability, but a **social and economic liability** too, potentially resulting in food shortages, conflict over resource scarcity and displacement of communities.

Ultimately, nature is priceless, but it is not valueless. We urgently need to account for nature's value if we are to reverse the **loss of biodiversity** on which we all depend.

What the Scottish Wildlife Trust would like to see:

- Continued support from the Scottish Government and public, private and voluntary sector organisations for the Scottish forum on Natural Capital (see <http://naturalcapitalscotland.com>)
- Continued development of Scotland's Natural Capital Asset Index so that it can ultimately inform decision making at both national and local levels
- Scotland to press for a clear action on Natural Capital valuation and accounting to be included in the post 2015 UN Sustainable Development Goals
- Major companies based in Scotland to develop methodologies to help them better understand and manage their impacts and dependencies on ecosystems both in Scotland and globally
- Scottish Government to consider legislation on non-financial reporting for larger companies, to include a statutory duty for companies to report a natural capital balance sheet
- Scottish Government to develop a set of public sector Natural Capital Accounts (by department) accompanied by an annual report outlining the status of natural capital stocks and flows