

SoCap10: International Development Track
Fort Mason, San Francisco
October 4 - 6, 2010

Panel Topic: Investing in Natural Assets for Human Security

Purpose: Ecosystem degradation and loss of biodiversity are serious threats. Innovative investment mechanisms allow capital to be directed in a way that promotes ecological restoration, increases biodiversity, and creates meaningful jobs for communities.

Design/methodology/approach: Reports and expert opinions from panelists

Moderator: Jennifer Biringer, SustainAbility

Panelists:

Lisa Monzon, Packard Foundation Fisheries Program

David Rothschild, Skoll Foundation

Jason Scott, EKO Asset Management

Johanna McTaggart, Biosphere Network

Summary: More information about the natural world is available than ever before. In the Amazon, satellites track deforestation, so that governments and policymakers can receive regular reports and track progress in their preservation efforts. Consumers can scan the source of their food.

It is challenging to know exactly where fish come from, but certain fishing stocks are known to be depleted. Businesses can be targeted about their supply sources and therefore pressured to commit to sustainable sourcing. Unlike land rights in the case of other industries, there are no property rights in fisheries, so tools for conservation are more limited. There is a movement towards the international allocation of areas of seas, and quotas. Fishermen must be given a right to protect and an inducement to not take everything they can.

There is a trend to monetize environmental assets such as clean air and water. Europe has had some success in pricing carbon emissions, and the public perceives such emissions as negative. Water is expected to be a big market, measured relatively easily in acre-feet. The Chesapeake Bay encompasses seven US states, and employs a measurement standard to prevent runoff, under the threat of fines from the EPA.

The pricing mechanism for carbon ripples to other resources, with regulation affecting price and value. In anticipation of regulation, industries may voluntarily undertake beneficial preservation measures. While there is not yet widespread corporate

responsibility, corporations from Pepsi to Wal-Mart must be concerned with their supply sources.

There are hundreds of biospheres, or resource labs, in the world. The 47 in the US are considered to be of the first generation, and not developed around local communities, as are those created under the newer platform. Rather than saving “hot spots”, emphasis is now placed on working with communities to add their own value and reduce their local footprints.

The hope is that business will be part of the solution rather than the problem. Higher impact areas, such as wetlands, may receive special treatment in the form of bank credits, if they are preserved. Land swaps are one method of preserving land, by encouraging the planting of crops on already degraded land rather than where land must be cleared of natural growth.

The production of palm oil has caused the destruction of forests, and companies such as Nestle and Unilever have been pressured to get out of the palm oil business, largely through the efforts of an NGO that proved that their sources were illegal.

The challenge in the next fifteen years will be to remain resilient. How much change can be allowed, as capacity is built and increased? There must be a flow of information and a change in national policies, at the same time local communities and stakeholders are engaged.

The intermediaries needed to create an ecosystem marketplace will include sources of finance, traders, and legal structures. Ecosystems and money must converge. Different metrics and models will be needed, and environmental returns must be rewarded.

Keywords: biodiversity, ecosystem, biosphere, natural assets, security

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