

# Governments and Natural Capital

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**Disclaimer: opinions expressed by the author do not commit the organisations he cooperates with (but often converge)**

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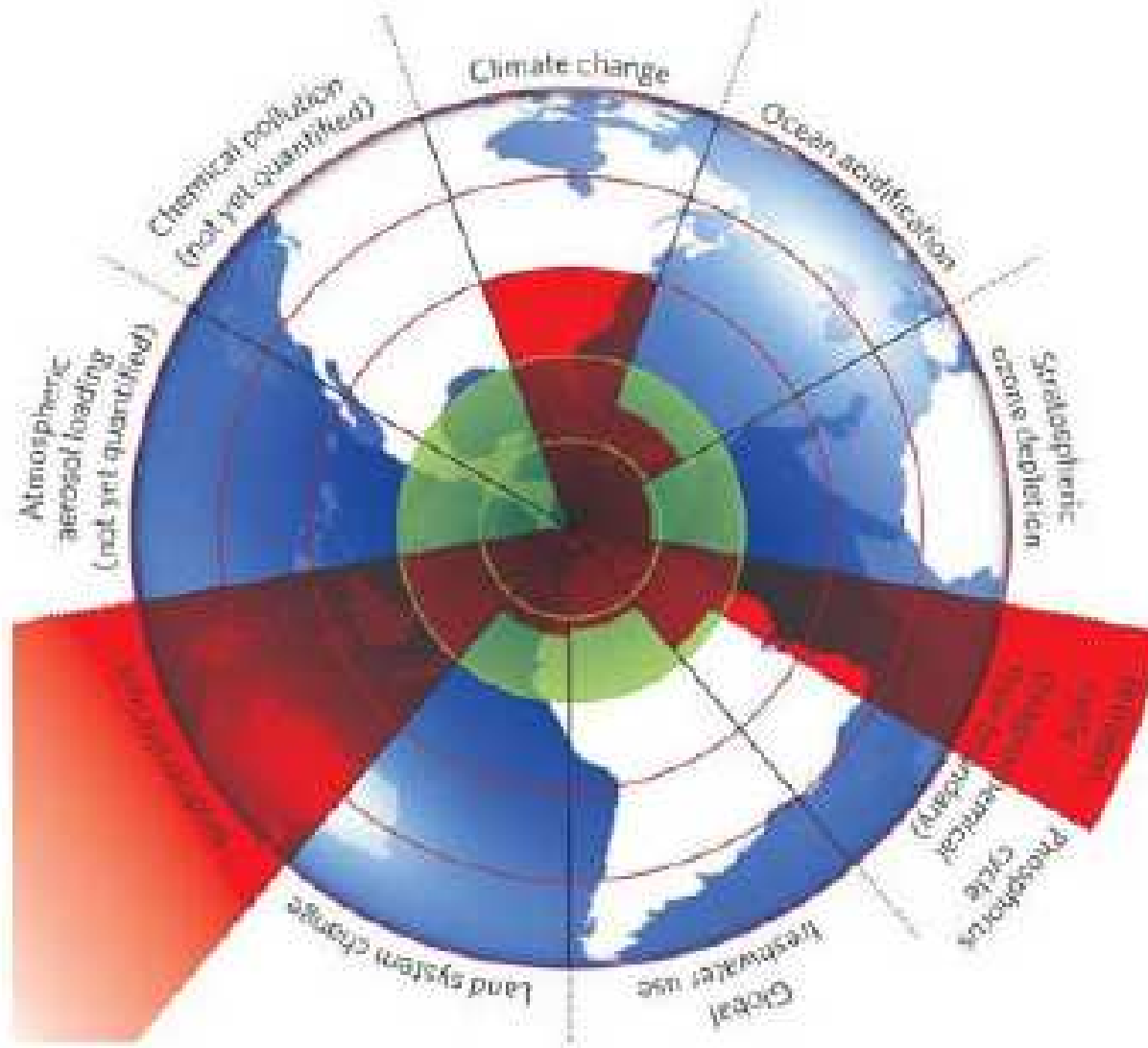
**Unicredit, “Finanza e Capitale Naturale”, Milano 10 November 2014**

# Governments and Natural Capital



- Background
- CBD-COP12 Financial outcomes
- UK National Capital Committee
- IT Government proposal for a Natural Capital Commission
- EU Natural Capital Rome Charter in preparation (Directors General, Nov.14)
- Governments: what can/should they do

# PLANETARY BOUNDARIES - start from science

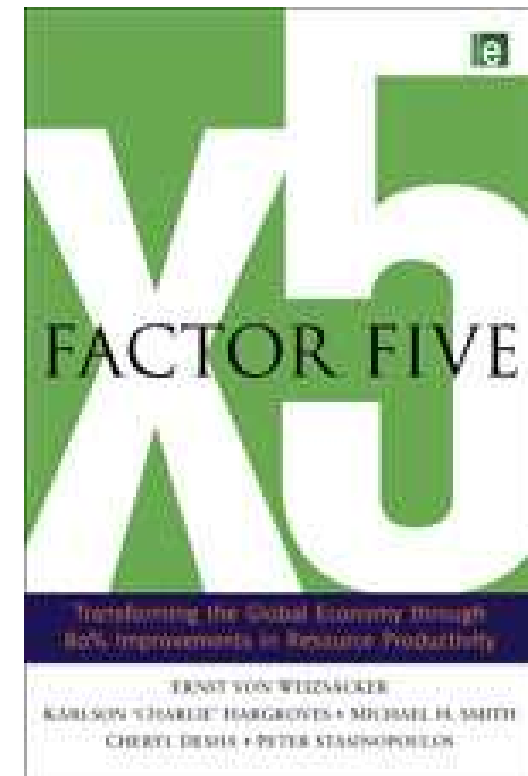
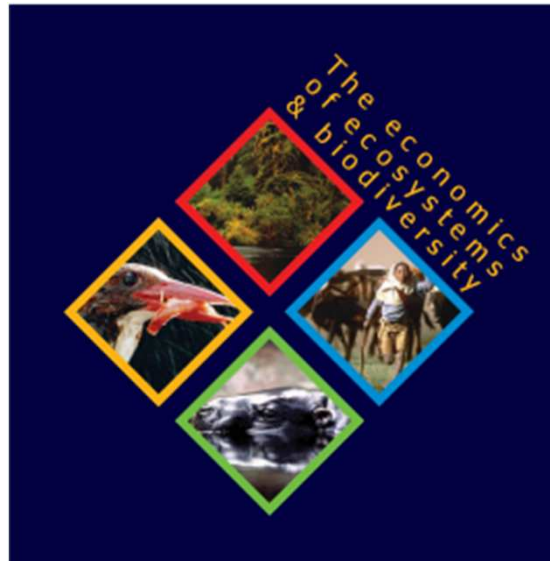
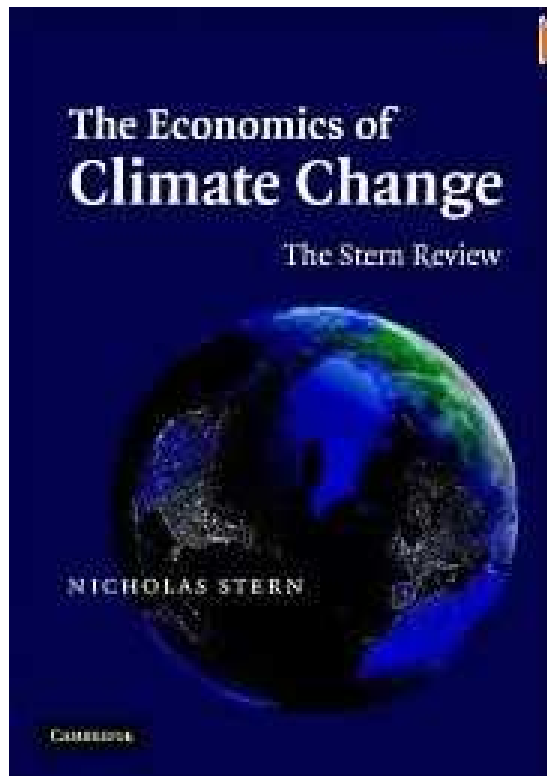


Source: Rockstrom et al (2009)

## 10 Planet Ecosystems to be kept under control:

1. Climate change
2. Biodiversity loss
3. Nitrogen cycle
4. Phosphorus cycle
5. Stratospheric ozone depletion
6. Ocean acidification
7. Global freshwater use
8. Land system change
9. Atmospheric aerosol loading
10. Chemical pollution

# Economics of Sustainable Development

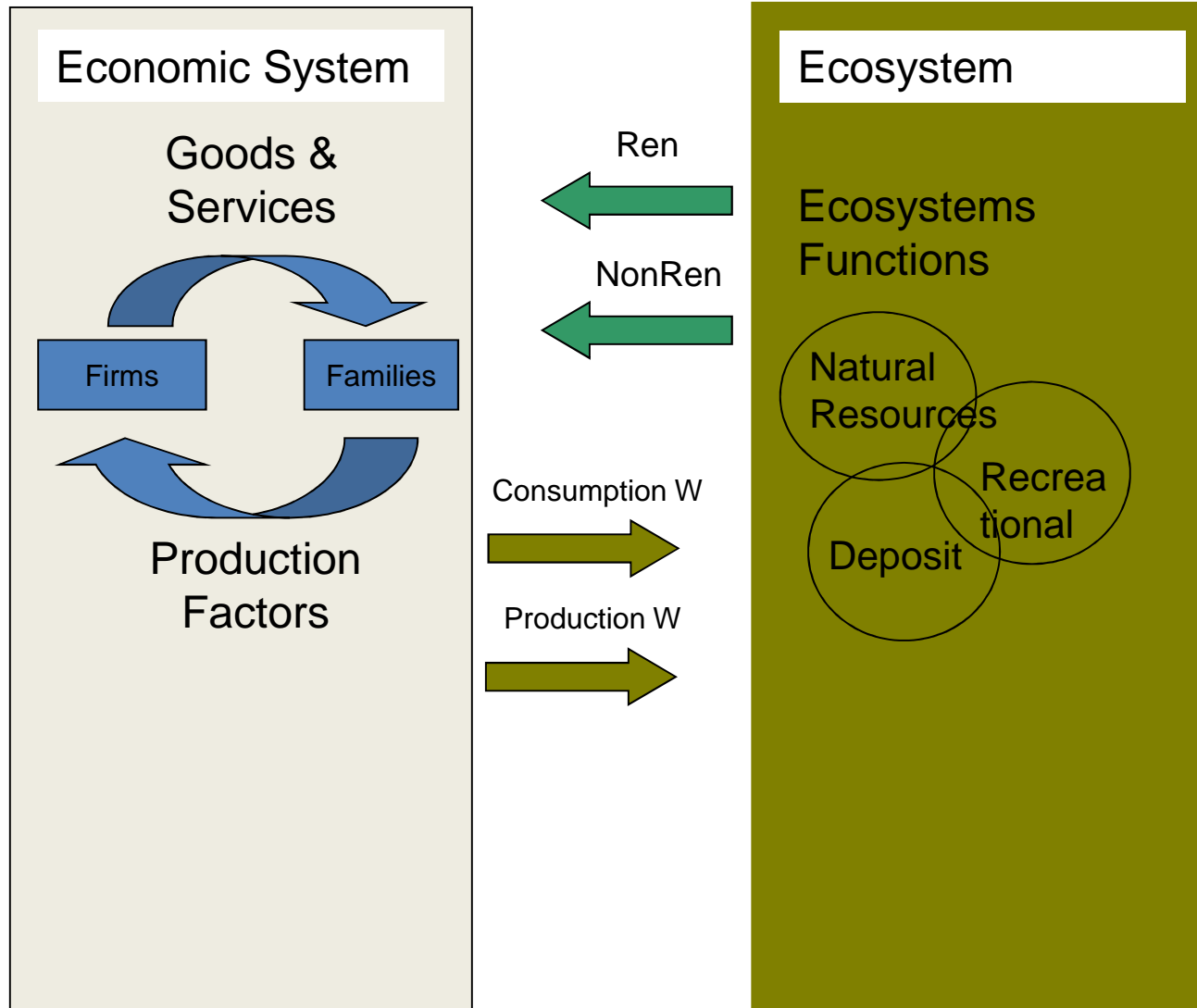


- Nicholas **Stern** (2006), "**The Economics of Climate Change** - The Stern Review ", HM Treasury, London
- Nicholas Stern and James Adams (2009), "The Global Deal: Climate Change and the Creation of a New Era of Progress and Prosperity", Library Edition
- Pavan **Sukhdev** ed. (2010 e 2011), "TEEB - **The Economics of Ecosystems and Biodiversity**", vol.1 "TEEB: Ecological and Economic Foundations , vol.2 "TEEB in National and International Policy Making", Earthscan, London
- E. **Von Weizsaecker** et al. (2009), "A Long-Term Ecological Tax Reform", ch.7 in "**Factor 5** - Transforming the Global Economy through 80% Improvements in Resource Productivity", Earthscan, London (following 1999 Factor 4 – Halving Resources Doubling Productivity with Amory Lovins)

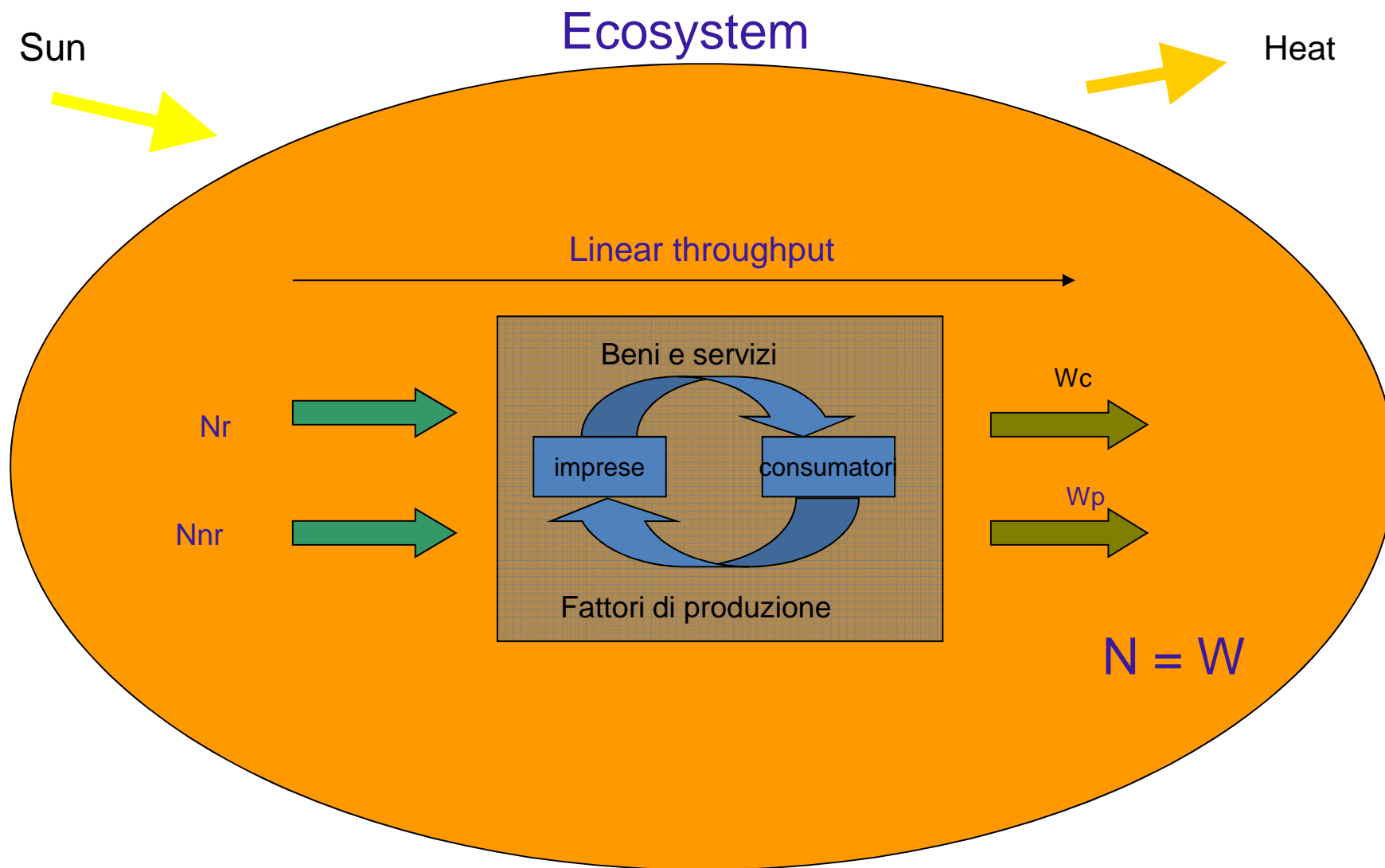
# NATURAL CAPITALISM

Amory Lovins

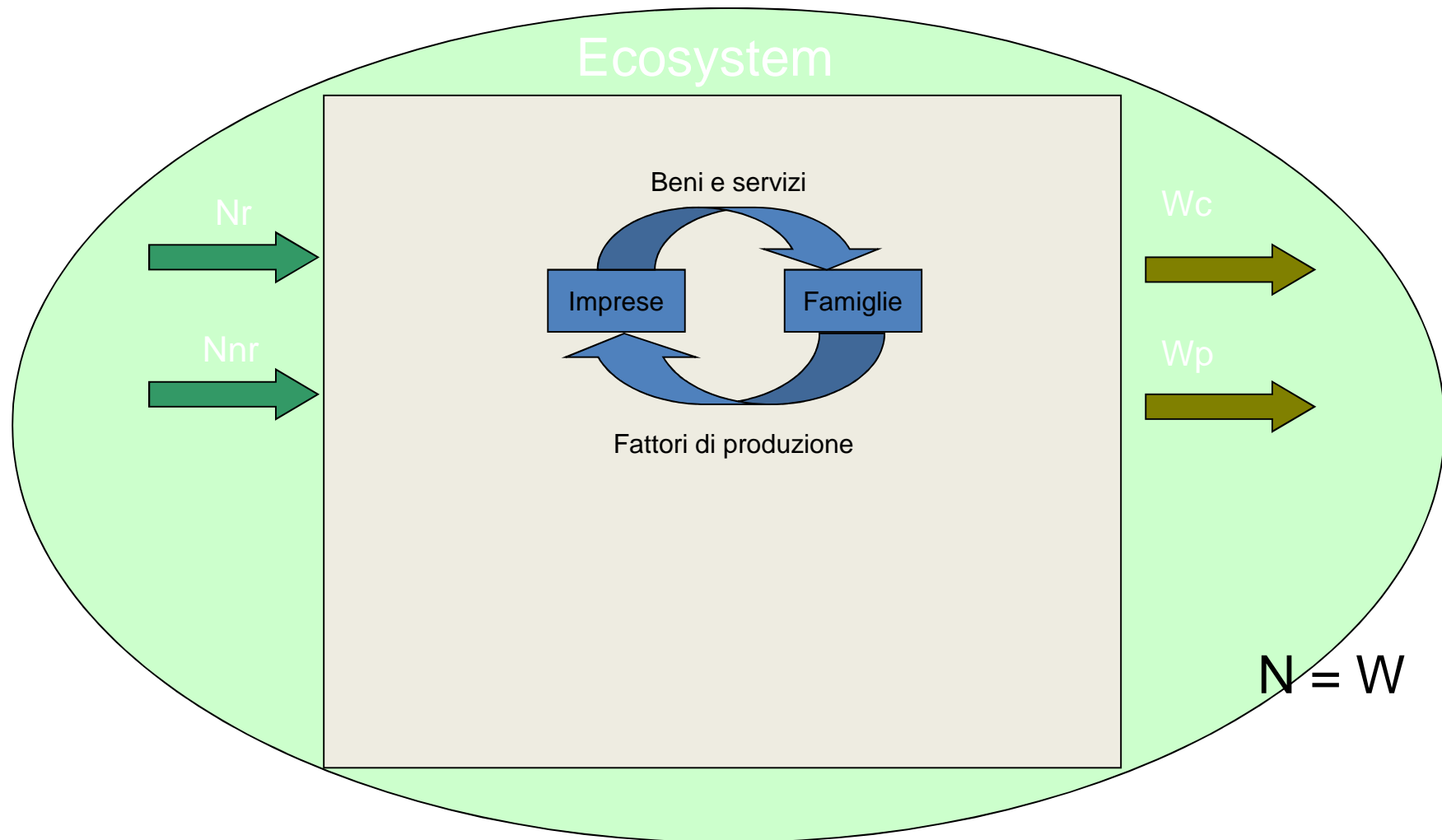
# Traditional relationship between economic and ecological system



# Sustainability economics – Empty world



# Sustainability economics – Full world





# IT Government proposal for a Natural Capital Commission



- “Environmental Annex” to the “Stability Law 2014” (Financial Law) [“Collegato Ambientale” alla “Legge di Stabilità 2014” (Finanziaria), n.2092/2014]
- Proposed in Nov.2013, deposited at the Parliament in Feb.2014
- Approved by Low Chamber [Camera] in Oct.2014
- Under High Chamber [Senato] examination

# IT Government proposal for a Natural Capital Commission: major functions



- Give to Government instruments for a better comprehension of the impact of state of natural resources and environment on the Country Economic Performance and Welfare
- Address (orient) Government action towards a sustainable and efficient management of Natural Capital so to free (create) opportunities for sustainable growth and welfare

## IT Government proposal for a Natural Capital Commission: specific activities



- Natural Capital Accounting: with Istat, the National Statistical Office, for integration Nat.Cap. in National Accounting; with Firms Associations and Eco.-Fin. Certification Firms for promoting and “activate” (start? implement?) public and private Nat.Cap. Acctg
- Promotes research on trends and risk
- Favours ecosystemic approach
- Support to the Stability/Fin/Budget Laws

# IT Government proposal for a Natural Capital Commission: composition



- Minister of Environment (President)
- Ministers of Mef, Mse, Mlw, Mit, etc.
- Governor of Bank of Italy
- President of Istat
- President CNR
- Experts from University/Research
- Experts civil servants
- [Experts of the State-Regions Conference]

# UK Natural Capital Committee



- Advising DEFRA and Government
- Based on the UK NEA (National Ecosystems Assessment)
- Dieter Helm, Georgina Mace, Ian Bateman, Giles Atkinson, ...

# UK Natural Capital Committee



- better integrate the value of natural capital into decision making at all levels;
- creating and trialling an experimental accounting framework that organisations can use to value natural capital they own or are responsible for;
- advising on research priorities; working with Defra and the ONS to get natural capital into the national accounts; and, developing ways of measuring natural capital and identifying which assets are at risk.

[State of Natural Capital reports](#)

[Research advice](#)

[Corporate natural capital accounting](#)

[National natural capital accounting](#)

# Italian Nature National Conference 2013



CONFERENZA NAZIONALE

**BIODIVERSITA' E AREE PROTETTE:  
LA GREEN ECONOMY**

PER IL RILANCIO DEL **PAESE**

la  
**Natura**  
dell'**Italia**

11 - 12 dicembre 2013  
Aula Magna Università "Sapienza"  
**ROMA**

# Italian States General of the Green Economy 2014

	Promossi dal <b>CONSIGLIO NAZIONALE DELLA GREEN ECONOMY</b>	IN COLLABORAZIONE CON
	5 - 6 Novembre 2014	  Rimini Fiera Ecomondo • Key Energy • Cooperambiente
<b>Lo sviluppo delle imprese della green economy per uscire dalla crisi italiana</b>		

5 Novembre | ore 15.00 - 18.00    Sessione tematica di approfondimento e consultazione

## **CAPITALE NATURALE: CONTABILITA' E RESPONSABILITA' DEGLI ATTORI** *In collaborazione con la Fondazione Global Compact Network Italia*

Coordinatori sessione: **Roberto Coizet – Marco Frey**

Intervengono:

- **Gianfranco Bologna** - Direttore scientifico, WWF e Segretario Generale Fondazione Aurelio Peccei
- **Carlo Blasi** - Professore, Università di Roma La Sapienza
- **Riccardo Santolini** - Professore, Università di Urbino
- **Enrico Cancila** - Osservatorio Green Economy della Regione Emilia Romagna
- **Giorgio Capurri** - Environmental Management System Representative, UniCredit
- **Aldo Ravazzi** - Presidente Comitato OCSE Esami Ambientali Paesi, già Presidente Comitato OCSE Biodiversità
- **Antonio Nicoletti** - Responsabile Aree Protette e biodiversità, Legambiente
- **Elena Jachia** - Direttore Area Ambiente, Fondazione Cariplo
- **Luca Ruini** - Health, Safety, Environment & Energy Director, Barilla
- **Carlo Ferrara** - Head of Environmental Management, ENEL SpA
- **Pia Bucella** - Direttore, Direzione Capitale Naturale, DG Ambiente, Commissione Europea
- **Renato Grimaldi** - Direttore Generale, Ministero dell'Ambiente

Interventi e dibattito dal pubblico



# Italian States General of the Green Economy 2014 - Proposals

- Improve regulation protecting Natural Capital making economic instruments more incisive
- Promote environmental accounting (public and private)
- Involve more the Private Sector (e.g. environmental agreements and market-based instruments, joint-ventures to valorise NatCap)
- Limit the consumption of land



- Climate-Energy package 2030
- Energy Tax Directive revision
- Greening the European Semester process (Ecofin & Social + Env. Council)
- 17<sup>th</sup> July Milano - EU Ministerial on Jobs & Environment - Greening the EU Semester
- 9<sup>th</sup> September Bruxelles - EU Ministerial for preparing the CBD-COP12 Korea
- Preparation of Climate-COPs in Lima 2014 and Paris 2015
- Charter of Rome on Natural & Cultural Capital

# Charter of Rome on Natural & Cultural Capital



- Italian EU Presidency Initiative
- Directors of Biodiversity and Nature level
- Natural *and* Cultural Capital
- Roma 24.11.14 Conference “The Natural and Cultural Capital : the Future of Europe”, Orto Botanico
- Roma 25-26.11.2014, EU Biodiversity & Nature Directors Meeting, MAE
- <http://www.minambiente.it/pagina/la-biodiversita-nel-semestre-italiano-di-presidenza-del-consiglio-ue>

# EU hooks: EU Strategy 2020 – Green Jobs – Green Infrastructure

The EU Strategy 2020 on smart, sustainable and inclusive growth is a key step towards the establishment of a renewed European governance, centred on the needs of society and of the whole planet, as well as to the close links between economic, social, and environmental policies, including jobs (COM/2010/2020).

The European Commission put all of these issues at the centre of a number of initiatives to relaunch growth and jobs in the EU, such as the “Green Employment Initiative: Tapping into the job creation potential of the green economy” (COM/2014/446).

Among the potential instruments and initiatives to be implemented on the promotion of green jobs, some key strategic ones are those supporting investments on the restoration and conservation of Natural Capital and on the development of synergies between Natural and Cultural Capital, such as the Green Infrastructure Strategy (COM/2013/249). The overall goal is to tap into both of these Capitals to generate economic benefits, employment opportunities, and support key sectors such as tourism.

# EU hooks: EU Biodiversity Strategy – EU Birds & Habitat Directives

The EU Biodiversity Strategy to 2020 (COM(2011)244) refers to the maintenance and enhancement of ecosystems and their services and contributes, among other, to the EU's sustainable growth objectives and to the mitigation and adaptation to climate change, while promoting economic, territorial and social cohesion and safeguarding the EU's cultural heritage. The Strategy also emphasises that the full implementation of EU nature legislation is key to conserving and restoring biodiversity, and hence Natural and Cultural Capital.

The EU Birds and Habitat Directives ((2009/147/EC; 92/43/EEC) aim to meet “*ecological, scientific and cultural requirements, while taking account of economic and recreational ones*” and “*to promote the maintenance of biodiversity, taking account of economic, social, cultural and regional requirements, ... making a contribution to the general objective of sustainable development; whereas the maintenance of such biodiversity may in certain cases require the maintenance, or indeed the encouragement, of human activities*”.



# Charter of Rome on Natural & Cultural Capital

## - background principles 1



- **Natural resources, biodiversity and ecosystems are our Natural Capital.** They need to be protected, valued, and restored for biodiversity's intrinsic value and for their essential contribution to human well-being and economic and social prosperity.
- **People, groups and local actors, with their diversity of knowledge, capacities and practices, and human activities shaping the land are the Cultural Capital.** Such individuals and groups, private and public, contribute to provide and enhance ecosystem services supply with positive actions and practices within their respective socio-cultural contexts.
- **Knowledge** includes traditional and scientific dimensions; **Capacities** is the way knowledge is retained, increased, elaborated and developed; **Practices and human activities** produce tangible and intangible flows of goods and services.

# Charter of Rome on Natural & Cultural Capital

## - background principles 2



- **Nature and people, groups and local actors are intimately interrelated and interacting.** With good knowledge, sufficient capacities and appropriate practices, we can better protect and manage nature and benefit from a wide range of ecosystem services.
- **Better knowledge of our Natural Capital supports our Cultural Capital to protect biodiversity, secure resilience and sustainably manage natural resources.**
- **Understanding the processes and structures of Cultural Capital is crucial to enhance Natural Capital.**
- **Investing in healthy and resilient ecosystems delivers direct and indirect benefits, that are vital societal needs, such as food, freshwater, clean air, recreation and tourism, climate mitigation and adaptation, and protection against erosion and floods.**

# Charter of Rome on Natural & Cultural Capital

## - background principles 3



- **Improve the synergies and connectivity between natural areas, green infrastructure, urban and rural areas.** Species, habitats, ecosystems, land units and infrastructures are part of a multifunctional interconnected system of natural and semi-natural areas.
- **Enhancing and promoting biodiversity, natural resources and their values require improved communication, mainstreaming and policy coherence in a wide societal and political context.**
- **Strengthening implementation of the EU nature legislation and the contribution of Natura 2000 network is essential for the conservation and restoration of biodiversity, and thus the natural and cultural capital.**



# Governments and Natural Capital

- Government & National Accounts
- Government & Firms
- Government & Citizens-Consumers-Taxpayers

# Governments and Natural Capital

- Government & National Accounts
  - 1929 Crisis – GDP-GNP – limits – economists à la Kuznets – fine tuning - ...
  - International Agreements
  - 2008 Eco-Fin. Crisis – Env. Crises
  - Beyond GDP – OECD Welfare Progress & Measurement – MEAs – MDGs – SDGs
  - UN-SEEA – WB-WAVES – EU-MAES – UNEP-BIOFIN
  - Integrate Natural Capital: are times ripe?

# Governments and Natural Capital

- Government & Firms

- WCCSD – GRI – UN Global Compact

- Natural Capital Declaration

- Traditional Economic-Financial Company

Accounts are not what they were 100 years ago:

transparency – stock exchange quotation –

emerging issues – technologies – fine tuning - ...

- International Standards/Agreements, National

Laws? Are time ripe?

# Governments and Natural Capital

- Government & Citizens-Consumers-Taxpayers
  - Environmental Fiscal Reforms
  - Giving a value to natural capital and environment
  - Internalize externalities
  - ...
  - A more correct, transparent, fairer market is possible