

Our Natural Capital

Strengthening the link between business and biodiversity

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Speakers

Karl-Heinz FLORENZ, President of the Intergroup

Pia BUCELLA, Director, Natural Capital Unit, DG Environment, EU Commission

Chantal van HAM, EU Programme Manager Nature Based Solutions, International Union for Conservation of Nature (IUCN)

Christoph BÜREN, ELO President, Farmer.

1. Welcoming and opening remarks

Karl-Heinz FLORENZ welcomed the participants to the meeting and introduced the topic of natural capital.

Mr Florenz said that natural capital is a concept that deserves to be better explained and illustrated as we depend on nature for our very existence. Things such as healthy soils that serve to produce food, fresh water and clean air, raw materials we need for buildings and clothes are resources which all constitute natural capital.

Many measures have already been taken at the EU level to protect these natural assets. Mr Florenz made reference to the Water Framework Directive, the Air Quality Directive, the Birds and Habitats Directive. He also mentioned the European Environment State and Outlook Report 2015 of the European Environment Agency this spring as well as consultations on the Fitness Check of Nature Legislation and the mid-term review of the EU Biodiversity Strategy by the Commission. Mr Florenz underlined that it is sometimes difficult to ensure the proper implementation of these legislations at the level of the Member States. Indeed, some Member States are still reluctant to implement environmental legislation deriving from European policies.

Mr Florenz underlined that even though all these texts have been adopted, natural capital is still truly endangered today and its continued depletion is threatening the long term supply of goods and services. Moreover, economic growth is crucial to put an end to the economic crisis but economic development also adds pressure on the environment as it requires a more intensive use of natural capital in a rather short period of time.

2. Panel of discussions

Pia BUCELLA presented the relationship between biodiversity and business. She emphasized that biodiversity is currently on the agenda of the European Commission through a number of texts which are reviewed such as the State of Nature Report. In addition, referred to the work of the newly appointed Commission that is currently working on an existing proposal on circular economy which has been proposed by the previous Commission with the intention to broaden its scope. She made the link between the circular economy and biodiversity.

Mrs Bucella addressed the role of raw materials that is the natural capital on which the economy is built. She highlighted that raw materials should not be destroyed at the end of the process but reintegrated within the system to all possible extent in order to achieve a circular economy.

In this perspective, the farming sector, which is a very important sector of the European economy in terms of the number of workers it employs and the surface it occupies (40% of the European territory), has a key role in the circular economy. Mrs Bucella talked about the meaning that circular economy has for European farmers. She listed the raw materials used in the European farmland such as soil, water and the elements of biodiversity which facilitate the production of farmers (insects, pollinators, plants and vegetation). As biodiversity is a constituent of the raw materials on which the farming economy is built, it should not be wasted and destroyed. Mrs Bucella explained that this is the reason why biodiversity is protected in an array of European legislations.

However, Mrs Bucella underlined that in this sector, natural capital is not in good shape. The State of Nature Report, currently in preparation by the Commission, shows that the situation is globally not improving compared to the last report produced 7 years ago. She emphasized that there is the need to do better to avoid a growing quantity of raw materials to be wasted and natural capital to be lost.

Mrs Bucella mentioned that proper financing should be set up to enable the different sectors relying on natural capital to live up to their standards. For example, in the farming sector, there are a number of financing possibilities which can contribute and be used to preserve natural capital:

- The 1st and 2nd pillars of the CAP contain important measures on which farmers, landowners and land managers can rely to improve biodiversity.
- The European Regional and Structural Funds is rather dedicated to help Member States to reach environmental standards and provide good options to preserve natural capital.
- The LIFE Fund is another helpful instrument to promote and protect biodiversity.

- The Natural Capital Financing Facility is developed in cooperation with the European Investment Bank and offers businesses the opportunity to work on natural capital and biodiversity related projects. Business can apply to receive a loan.

Mrs Bucella presented the Business and Biodiversity Platform. This is a European platform which gathered all businesses which use natural capital in their activities and want to exchange best practices as well as to work on the green dimension of their activities. Very active members of this platform include the extracting industry such as quarries (which have a commitment to restore and recreate biodiversity after extraction) but also the food sector and energy sector.

Finally, Mrs Bucella explained that this year, the Commission is reviewing the European Nature legislation (Birds and Habitats Directive). 25 years after the adoption of the first piece of legislation, the Commission is assessing whether the Nature Directives are still up to date, whether they have produced the effects they were aiming to achieve and whether they are not creating too many administrative burdens for the sectors to which the two directives apply. This review implies a big public consultation which will be conducted by the Commission and targets on the one hand NGOs and businesses involved in the sector and on the other, European citizens and the wider public.

Mr Florenz reacted to the intervention of Mrs Bucella by approving her words and emphasizing on the need to create dialog with businesses on issues related to biodiversity and natural capital. He also highlighted that it is better to ensure that current legislation is effective instead of adopting new pieces of legal instruments.

Chantal van HAM addressed the value of stakeholder engagement for the preservation of natural capital. She emphasized that it necessary to value natural capital in order not to lose it. Moreover, she underlined that it is those who invest in ecosystem services and innovation who will be able to survive economically in the coming years. According to Mrs van Ham, it is also necessary to introduce the preservation of nature on the agenda and to realize investments in natural capital in order to reach the vision for 2050.

Mrs van Ham presented the concept of nature-based solutions. It implies that nature is taken into account and used to solve major global challenges. A nature-based solution should provide biodiversity benefits, it should be cost-effective compared to other solutions, communicated, measured, verified and replicated while also reinforcing communities' rights over natural resources. Indeed, the engagement of the stakeholders concerned is essential to reach an effective solution.

Mrs van Ham highlighted that there is no one-size-fits-all solutions. To achieve natural capital benefits, it is useful to adopt a bottom-up approach when solutions are drafted and then implemented. To provide innovative solutions which value nature, it is necessary to work

jointly with the private and industrial sectors and to build creative and genius business cases. Such solutions also require innovative partnerships for their implementation with scientists, business, civil society, government and private investments complement each other.

Mrs van Ham emphasized that it is necessary to raise awareness and understanding across sectors regarding the value of natural capital and the benefits that nature-based solutions can generate. To achieve this, we should develop the knowledge and evidences which will show that nature is a source of innovation which will, in the long-run, lead to positive outcomes in terms of biodiversity preservation but also economically and socially.

Mrs van Ham acknowledged the efficiency of the current European legislation such as the Nature Directives and Natura 2000 to protect biodiversity. However, she also highlighted that loopholes must also be addressed. Indeed, the valorization of natural capital should be embedded in all policies and in more concrete ways. New opportunities exist, notably through Natural Capital Financing Facility and structural funding of the European Union such as Horizon 2020.

To conclude, Mrs van Ham stated that there is a need to bring natural capital at front, with social and financing capital in order to ensure prosperity in the future. IUCN is committed to share the knowledge available within the network and create platforms where the stakeholders can engage to develop partnerships and build nature-based solutions.

Mr Florenz reacted to the speech of Mrs van Ham by affirming that he is a convinced environmentalist since a long time and that the protection of natural capital is also a political issue. He denounced that politicians do not seem concerned by the long-term perspective of these issues. He emphasized the need to communicate better at all levels and in all sectors involved on the preservation of the environment.

Christoph BÜREN spoke about the role of landowners and land managers in the preservation of natural capital. He emphasized that farmers use natural capital every day and rely on it for their activities.

Mr Büren defined natural capital as the stock of natural resources that allows us to grow food, feed, fibre and energy on the long term. Natural capital includes elements such as rivers, soils, forests, bees and butterflies. He argued that natural capital is as important to a farmer's business as financial capital. Thus, it is necessary to take good care of the ecosystems to prevent natural resources from running out. The processes which re-supply our natural capital are vulnerable and under increasing pressure as the global population grows and our climate changes.

Mr Büren referred to a few results which highlight the stress put on biodiversity today. European songbirds are in decline (Europe has lost an estimated 421 million birds over the last 30 years, almost one bird for every European). Bees and pollinators are not doing as

well as they should, although vital for biodiversity and farmers' activities. Water pollution is certainly not as bad as it was, but more can still be achieved.

Mr Büren then put forward actions which can be taken by farmers and land managers to contribute to the preservation of natural capital. He emphasized the example of field margins which can be placed at the edges of the fields, in areas which are always difficult spaces to reach for tractors. Mr Büren presented the different types of field margins such as multifunctional field margins, pollen and nectar mixes. Those instruments provide buffers between runoffs, pesticides spray drift and water sources which deliver a high degree of habitat and food for farm birds, pollinators and insects. Field margins offer also much needed habitats for songbirds and help protecting them from predators. Another action which can be taken to protect songbirds is to provide them with more winter feed. This is already done by hunters who create feeding spaces for game birds.

To conclude, Mr Büren highlighted that creating field margins is feasible and they are concrete options to implement today. However, he put forward the question on the repartition of the costs of these measures. He said that even though the Greening of the CAP provides a great starting point, it might also be necessary to find ways to make the larger society contribute and pay their fair share for ecosystems services. Indeed, financial capital should be invested in natural capital but this cannot be done by farmers alone, it is a role for the entire society.

3. Questions and answers

Following these interventions, Mr Florenz thanked the speakers and invited the participants of the meeting to interact and ask questions. The members of the Parliament and the stakeholders present had fruitful debates on the refit of the Nature Directives and on the ways which can be developed today to value natural capital.

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