



## UNEP **Finance Initiative** Innovative financing for sustainability

### Biodiversity and Ecosystem Services: Investment Insight 1.0

This is the first in a new series of investment updates for the biodiversity and ecosystem services sector. In addition to our publications and reports, it was thought a briefer, trimonthly newsflash highlighting recent trends and news items concerning biodiversity and ecosystem services related risks and opportunities in the finance sector would be a useful addition from UNEP-FI to the BESWS. We welcome your own suggestions for key issues to include in this regular update. Please contact [Jessica.boucher@unep.org](mailto:Jessica.boucher@unep.org).

#### Launch of TEEB for Business (D3)

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“Modern society’s predominant focus on market delivered components of well-being, and our almost total dependence on market prices to indicate value, means that we generally do not measure or manage economic values exchanged other than through markets. This is especially true of the public goods and services that comprise a large part of the benefits that nature provides humanity.

TEEB has assembled much evidence that the economic invisibility of nature’s flows into the economy is a significant contributor to the degradation of ecosystems and the loss of biodiversity. This in turn leads to serious human and economic costs which are being felt now, have been felt for much of the last half-century, and will be felt at an accelerating pace if we continue ‘business as usual’.”

**Pavan Sukhdev**, TEEB Study Leader

On July 13<sup>th</sup> 2010, the **TEEB for Business (D3)** report was launched at the first annual **Global Business of Biodiversity (GBOB)** symposium in London.

Click [here](#) to view the TEEB D3 executive summary. Click here to go to the TEEB website

#### Global Footprint Network – Preparing for the Ultimate Resource Reality

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Humanity now demands **30%** more ecological services than Earth can provide. This **30%** overshoot means that humanity is using resources faster than the Earth can regenerate and emitting more wastes than it can absorb. **OLD RULES OF THE GAME:** maximize economic growth (and with it resource throughput), regardless of effects on ecological health and human well-being. **NEW RULES OF THE GAME:** protect your assets. Your ecological assets are at the core of your long-term wealth. Your per-capita wealth enables well-being.

The Global Footprint Network puts forward data that shows whether a country is an ecological debtor or an ecological creditor. Ecological debtors are nations that overall use more resources than are available within their borders and they will face more risks and will have to

pay a higher price for their sustenance. Ecological creditors are those countries with biological capacity exceeding their own consumption, and these countries will no doubt have the stronger hand to play.

The **Global Footprint Network** is a think tank in Oakland (California), Brussels, and Zurich devoted to creating a world where everyone can live well, within the means of one planet. They are working to advance sustainability through use of the **Ecological Footprint**, a resource accounting tool that measures how much nature we have, how much we use and who uses what.

To learn more about the **Global Footprint Network** click [here](#).

Materiality of BES in relation to the oil and gas: geographically dependant

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The Niger Delta, where the wealth underground is out of all proportion with the poverty on the surface, has endured the equivalent of the Exxon Valdez spill every year for 50 years by some estimates. With new estimates that as many as **2.5 million gallons** of oil could be spilling into the Gulf of Mexico each day, the Niger Delta has suddenly become a cautionary tale for the United States.

As many as **546 million gallons** of oil spilled into the Niger Delta over the last five decades, or nearly **11 million gallons** a year, a team of experts for the Nigerian government and international and local environmental groups concluded in a 2006 report. By comparison, the Exxon Valdez spill in 1989 dumped an estimated **10.8 million gallons** of oil into the waters off Alaska. This clearly shows that detailed and thorough coverage by the media of corporate ecosystem damage, can lead to serious financial materiality of biodiversity-sensitive sectors such as oil and gas in certain geographic areas – particularly the USA and Europe – whereas it does not have any effect in others.

**The New York Times:** Full Article [Here](#)

EcoEnterprises Fund II

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For over a decade, **EcoEnterprises Fund** ([www.ecoenterprisesfund.com](http://www.ecoenterprisesfund.com)) has been a leader in investing in this niche of business in Latin America. EcoEnterprises Fund deployed **\$6.3 million** in **23 sustainable companies**. Collectively, these investments produced impressive results – they created 3,513 jobs, benefited 293 communities and conservation groups; generated \$281 million in sales; leveraged \$138 million in additional capital; and conserved 860,773 hectares of land. Their success demonstrates that sustainable businesses can be financially viable and deliver the social and environmental impacts that stakeholders expect.

Having built a solid-track record, EcoEnterprises Fund is pleased to introduce our next impact fund: **EcoEnterprises Fund II** (“EcoE II”). EcoE II will pursue rapidly expanding sectors which will provide a basis for profitable portfolio returns such as organic agriculture, ecotourism, sustainable forestry, and non-timber forest products and will work with investee companies to capitalize on the growing opportunities in the carbon and ecosystem services markets.

**EcoEnterprises Fund II:** [More here](#)

## The Value of our Forest Resources

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### **Forest Footprint Disclosure Project**

The Forest Footprint Disclosure Project (FFD Project) is a new UK government-supported initiative, created to help investors identify how an organisation’s activities and supply chains contribute to tropical deforestation and link this to its market value. Modelled on the successful Carbon Disclosure Project, the FFD Project aims to create transparency and shed light on a key challenge within investor portfolios, where currently there is little quality information. Participating companies are asked to disclose how their operations and supply chains are impacting forests worldwide, and what is being done to manage those impacts responsibly. They then gain a better understanding of their own environmental dependencies, and how the changing climate and new regulatory frameworks affect access to resources and the cost of doing business in the long term.

**Forest Footprint Disclosure Project:** For more information click [here](#). The UNEP FI / PRI webinar on the FFD can be found on UNEP FI’s extranet.

### **Nature loss “dwarfs bank crises”**

The global economy is losing more money from the disappearance of forests than through the current banking crisis, according to an EU-commissioned study. It puts the annual cost of forest loss at between \$2 trillion and \$5 trillion. The figure comes from adding the value of the various services that forests perform, such as providing clean water and absorbing carbon dioxide.

**BBC News – Nature loss “dwarfs bank crises”:** [Full Article](#)

## Sustainable Forest Finance Toolkit - WBCSD

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On May 3<sup>rd</sup> 2010 - PricewaterhouseCoopers (PwC) and the World Business Council for Sustainable Development (WBCSD) launched the *Sustainable Forest Finance Toolkit*. The *Toolkit* provides guidance for financial institutions to better manage risks related to investments in forestry and industrial projects that have forest impacts.

Click [here](#) for more information regarding the Sustainable Forest Finance Toolkit.

## Are you a green leader? Making the case for a lasting solution

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“The landscape may appear bleak, but a rising number of companies are making the link between natural assets, their bottom line, business sustainability and the urgent need for a low-carbon, resource-efficient 21<sup>st</sup> century green economy.”

**Achim Steiner**, UN Under-Secretary General and UNEP Executive Director

UNEP/WCMC report on business and biodiversity. **Are you a green leader? Business and biodiversity: making the case for a lasting solution:** [Read more here.](#)

## Agro-Ecological Investment Management

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Sound, robust and efficiently functioning environmental services and particularly biodiversity are fundamental drivers of production performance in organic agricultural management systems. Agro-Ecological therefore represents an investment approach/proposition that generates superior environmental services and biodiversity outcomes in order to generate superior investment performance. The **Agro-Ecological Farmland Investment Fund I** is focused on investment in, and the ecological/organic management of farmland in New Zealand. Please contact Geoff Burke ([geoff.burke@agro-ecological.com](mailto:geoff.burke@agro-ecological.com)) for more information or click [here](#).