

Life on earth. Anyone who has ever stepped outside can appreciate the value and the richness that the natural world brings to our lives. But right now, we are destroying nature much faster than it can be restored. So if nature is so valuable, why are we so bad at preserving it? One reason is that that value is very hard to measure in conventional economic terms.

There is a disconnect between appreciating the damages we are causing and **embedding** it to our own way of economic thinking.

It's been a free resource, which it can't be.

75 per cent of our land is now damaged, 66 per cent of our marine life. And many businesses are starting to see these pressures.

This disconnect between nature and the economy is evident in the level of financing available to projects that protect plants and animals and their habitats, which is somewhere between \$80 to \$90 billion a year. That's just a fraction of the total that's needed to reverse the loss of species that we see today.

But if the economics were different, could businesses be **incentivized** to protect the natural world? And would investors follow suit?

The challenge is that many of the benefits of nature are intangible. And the **costs** of destroying it often **go uncounted**. But it turns out there are a number of ways that you can measure the value of nature. And some of them might surprise you.

Too often, nature has been seen as a source of unlimited materials and a free **dumping ground** for industrial output. But that could change if we start to count the cost of destroying natural habitats.

Professor Partha Dasgupta is leading a review into the economics of biodiversity for the UK Treasury. Part of his work is to look beyond the market price of natural resources.

Many resources have a market price. But they're wrong ones. So for example, a **fishery** has a market price. You can buy and sell fisheries as we do, farms, for example, fish farms. But that's not quite the issue because these **shrimp** farms, for example, are extremely polluting. They discharge salt and other chemicals that adversely affect neighbouring **paddy fields**, for example, if you happen to be in Sri Lanka. That damage needs to be **costed** and deducted from the value of the fishery.

Costing out the damage from one fishery is one thing. But applying that thinking on a global scale is another. While economists are trying to change the framework of our economic thinking, businesses are not waiting around. For many companies, the cost of climate change and the impact of damaging nature are already too apparent.

We see businesses being worried about **stranded assets**. We see disruptions in the business process. So investing in nature on the one hand means **mitigating risk**.

Paul Polman is a former chief executive of Unilever. He now leads an organisation calling on other CEOs to change the way they do business to safeguard natural resources.

Broadly, business people know what needs to be done. Where the challenges come in is the complexity of the issues and a feeling for, "yeah, we know that we want to restore it, but how can I, as a business, integrate that into my business models?" And one of the things that are absolutely needed to make that evolution at the speed and scale is to put a price on these **scarce resources**, put a price on water, put a price on carbon, and put a price on forests. I've said many times, as long as a dead tree is valued more than a tree that is alive, we

To embed= intégrer,
encastrer

Incentivized= encouraged
Incentive= incitation

The costs... go uncounted
= les coûts ne sont pas
pris en compte

Dumping
ground=dépotoir

Fishery=pêcherie

Shrimp=crevette
Paddy field=rizière

To cost= assigner un coût

Stranded assets=actifs
bloqués

Assets which lose value
when market conditions
change (perhaps
aeroplanes today?)

Mitigating risks= atténuer
les risques

Scarce resources=
ressources rares

are in trouble.

Underlying all of this is the idea of natural capital. That means valuing forests and other habitats not only for the goods they could be turned into if they're **chopped down** but for the services they can provide if they're left standing.

Ecologists already understand how nature acts as a **climate buffer** by pulling huge amounts of carbon dioxide out of the atmosphere.

Through photosynthesis, plants convert CO₂ in the atmosphere into reduced forms, which they use to grow. And that carbon enters plants and soil pathways. And as soon as it's there, it's essentially **scrubbed out** of the atmosphere. And so these natural processes **offset** about 1/3 of our global carbon dioxide emissions every year.

This has made planting forests a very popular option for companies that want to offset their carbon emissions. But Colin thinks restoration projects could do even more.

You know, we can't go there, and plant pine trees, and they grow great. They **sequester carbon**. But they're not restoring any of that native biodiversity. And so when we do restoration, we're looking to hit both of these goals, both the nature-based climate solution of sequestering carbon, but also addressing this **habitat loss** and this biodiversity loss. You know, this is one of few climate solutions that also has the opportunity to actually address the biodiversity crisis.

That awareness is starting to work its way into how businesses and governments think about conservation. At the same time, something just as significant is happening in the financial sector. Investors are finding new ways **to fund** nature-based projects.

HSBC is launching a new natural capital fund, which will invest in projects that restore nature and deliver financial returns.

It will invest in real assets, so in land, in forests, in mangroves. And the returns will come from long-term preservation as well as the goods and services or goods that we'll be generating with those assets, so food and **timber**. So we're trying to establish nature-based investing as an asset class in its own right that pension funds, insurance companies, asset allocators would make a discreet allocation to in the same ways they would real estate or infrastructure.

This fund is a first of its kind. And it doesn't have regulatory approval yet. But if other asset managers follow suit, it could start to unlock some of the financing that's needed to repair nature at a large scale.

By some estimates, it would take more than \$2 trillion to truly restore nature and transition to a low-carbon economy. That's a **tall order** for governments still **grappling** with the impacts of Covid-19. But as economists, companies, and investors start to measure the value of nature in new ways, maybe the way we think about this challenge will change.

The trillions of dollars that are required to be invested in nature need to come from somewhere. Private sector is its best position.

And if business speaks up and says, when we do this collectively, it creates more jobs, it makes your economies more resilient, it gives these politicians that are often short-term focused, it gives them more ammunition to move things forward.

That value, which is so important for enriching our lives, why shouldn't it be included in economic reasoning in a natural way, as opposed to constantly have to do **special pleading**, protest marches and so forth?

We're in a biodiversity crisis. The trees can't wait. The forest can't wait. We need action now.

Chop down=abattre

Climate buffer= tampon climatique

To scrub=frotter
Scrub out=effacer
Offset=ici, compenser, décaler

Sequester=séquestrer le carbone

Habitat loss=la perte d'habitat

To fund= financer

Timber=bois coupé, charpente

A tall order=un grand défi, une commande importante
To grapple with= se battre avec (to grapple=capturer)

Special pleading=plaidoirie spéciale