

## **WCC-2020-Res-120-EN Towards a Policy on Natural Capital**

RECALLING the adoption of Resolution 6.058 *Natural Capital* (Hawai'i, 2016);

WELCOMING the substantial work carried out to date to address Resolution 6.058, as listed in the 2018 progress report for that Resolution, but RECOGNISING that the Resolution has not yet been fully implemented, and that a working group has not been formally set up, but is needed, along with an open and inclusive process, for the development of a natural capital policy;

HIGHLIGHTING the continued importance of the development and implementation of standards and frameworks for the integration of the value of nature into decision-making by governments, businesses, financial institutions and society;

NOTING significant advances and IUCN's involvement in a number of key initiatives to improve the understanding and application of concepts and methods associated with natural capital approaches, examples including (i) the United Nations System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA EEA) and links to the IUCN Red List of Ecosystems and the IUCN Red List of Threatened Species; (ii) the continued application and development of Sector Guides for the apparel, food and beverage, and forestry sectors, as well as a supplement for the finance sector, under the Natural Capital Protocol, a standardised framework for business to measure and value natural capital; and (iii) the development of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) methodological assessment on diverse conceptualisation of multiple values of nature and its benefits, and many others; and

PROPOSING a set of non-binding principles contained in the Annex to this motion for the working group to consider when developing a policy;

### **The IUCN World Conservation Congress 2020, at its session in Marseille, France:**

1. PROPOSES non-binding principles – attached herewith as an Annex – to be considered in the development of an 'IUCN Policy on Natural Capital'; and
2. REQUESTS Council to establish an inclusive mechanism to consider the proposed non-binding Principles widely among Members.

### **Annex: Principles to consider in the development of an IUCN Policy on Natural Capital**

#### **Definitions**

Natural capital is regularly understood as the stock of ecosystems on Earth including air, water, biodiversity and geodiversity. This stock underpins our economy and society by producing value for people, both directly and indirectly. Goods and services provided to humans by sustainably managed natural capital include a range of social and environmental benefits including clean air and water, climate change mitigation and adaptation, food, energy, places to live, materials for products, recreation and protection from hazards. A definition on natural capital will be refined by the working group on natural capital.

Sustainable Development is defined in these Principles using the Brundtland Report definition as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'.

The definition of community used in these Principles includes: territorial or 'place communities' where people have something in common and this shared element is understood geographically; and 'interest communities' where people share a common characteristic other than place.

This Annex provides a set of principles that aim to ensure that actions taken to preserve or restore natural capital are equitable, effective and sustainable.

#### Principle 1. Natural capital values

Understanding the multiple instrumental, intrinsic and relational values of natural capital at local, national, regional and global levels can be a powerful driver towards the protection, restoration and sustainable use of natural capital.

#### Principle 2. Intrinsic value of nature

Application of the concept of natural capital must always recognise that nature has an intrinsic value in and of itself, and that this is an important moral precept for the protection, restoration and sustainable use of natural capital.

#### Principle 3. Positive outcomes

Application of the concept of natural capital through any given natural capital approach must at the very least maintain, but preferably enhance, the condition of natural capital. This implies that natural capital approaches should not lead to the substitution of natural capital with other types of capital

#### Principle 4. Sustainable development

Application of the concept of natural capital should further sustainable development with the enhancement of the resilience and capacity of ecosystems to provide ecosystem services and maintain biological diversity. This application should be guided by the principles of living within planetary boundaries whilst fostering a strong, healthy and just society.

#### Principle 5. Ecosystem Approach

Application of the concept of natural capital should be informed by the twelve principles of the Ecosystem Approach as defined by the Convention on Biological Diversity.

#### Principle 6. Continuous learning and adaptive management

Knowledge of the evolving theory and practice of natural capital should be shared widely and used to continuously improve our understanding of the concept of natural capital and ensure more effective application of these Principles, which may be amended in light of new research and knowledge becoming available, over time.

### **Inclusivity principles**

#### Principle 7. Design and application of natural capital approaches

The design and application of natural capital approaches should be based on available sound science together with local, indigenous and expert knowledge with the desired outcomes from a given approach agreed by a range of appropriate stakeholders, including youth, in advance, and should also take into account the multiple instrumental, intrinsic and relational values that stakeholders attribute to natural capital.

#### Principle 8. Indigenous peoples and local communities

Application of the concept of natural capital should respect the rights of indigenous peoples and local communities, in accordance with national legislation, to make their own decisions affecting their lands, territories and resources, by assuring their rights to manage natural resources on which their livelihoods and ways of life depend. These rights must not be derogated.

Principle 9. Ownership of natural capital Notwithstanding that some natural assets, such as land and mineral resources, can be legally owned by governments and private interests, natural capital should be viewed as commons which provide both local and global ecosystem goods and services to society and for which society as a whole has rights and responsibilities.

#### Principle 10. Private gain and transparency

Any actor applying the concept of natural capital through a given mechanism should do so transparently, taking into account pollution produced by industry, in good governance, with respect for indigenous communities and their territories and in such a way that any private gain accrued does not contravene Principle 3.

Principle 11. Principles 10 (Public Participation) and 15 (Precautionary Approach) of the Rio Declaration on Environment and Development (1992) should be observed.

### **Implementation principles**

Principle 12. Limitations of natural capital valuations

Natural capital valuations can only ever be approximations as the multiple values of natural capital are difficult to measure whether they are in monetary or non-monetary terms. The cultural and spiritual values people derive from natural capital are particularly difficult to place monetary or non-monetary measures on and this must always be taken into consideration when interpreting valuations. Additionally, it is very difficult in this concept to present them in economic value terms. Nevertheless, it is our responsibility to develop better approaches that take into account the multiple non-economic values of natural capital.

Principle 13. Mitigation hierarchy

Where biodiversity offsets and related compensatory mechanisms are used, there should be strict adherence to the IUCN Policy on Biodiversity Offsets, including the mitigation hierarchy of avoidance, minimisation, rehabilitation/restoration and, as a last resort, offsetting. Offsetting must never be used as justification for development.

Principle 14. Additionality and cost-shifting

Mobilisation of resources from natural capital approaches should result in additional action to value, protect, restore and sustainably use natural capital and should never be used to justify the reduction of resources from existing or planned public expenditure.

Principle 15. Complexity of ecosystems

Application of the concept of natural capital should recognise that components of natural capital are connected in complex, interdependent ecosystems. When considering the value and management of one component of natural capital, these connections and interdependencies should be recognised and understood using best-available science in order to avoid unintended impacts on the ecosystem as a whole. This necessitates a precautionary approach to the design and application of natural capital approaches. The elements of this complexity of natural systems, the lack of knowledge on the functioning and composition of ecosystems as well as the evolutionary potential must also be taken into account in the valuation of the capital, in particular by taking into account phylogenetic diversity which sums up both this complexity and this potential for evolution.

Principle 16. Trading and markets

The risks and limitations of securitisation, trading and offsetting monetary or non-monetary units of natural capital on markets should be recognised and mitigated through robust, transparent and effective regulation by governments and, where these are cross-border, by international institutions. Where market mechanisms are voluntary in nature these should operate in accordance with the principles in this paper and any future IUCN Policy on natural capital, using best-available guidelines, recognising that natural capital from one place can never be exactly equivalent to that in another place.

Principle 17. Species diversity and habitat integrity

Living natural capital encompasses not just the genetic and species diversity and abundance in a given area but also the relative habitat integrity of that area, which may be species-rich or naturally species-poor.

Principle 18. Data

Natural capital approaches should use the most robust, valid and reliable data and data analysis methods available. Where insufficient data is available, taking into consideration the precautionary principle, the aim should be to collect additional data in the field prior to any conclusions being reached or management decisions being taken. All data should be made available for independent and public scrutiny.

#### Principle 19. Transboundary impacts and dependencies

Application of the concept of natural capital should recognise that decisions made in a given area such as a catchment, region or sovereign state, may have impacts and/or effect dependencies in other areas. The design of natural capital approaches should ensure transboundary impacts and dependencies are considered and managed in a fair and equitable way.

#### Principle 20. Irreplaceability

Strict protection should be given to irreplaceable natural capital such as endangered species, geological heritage, or critical water supplies, where they would be lost without such protection. Natural capital mechanisms may complement such legal protection mechanisms but should be additional to, rather than a replacement for, strict protection.

#### Principle 21. Future generations

The management of natural capital must consider the well-being of both current and future generations as its objective, following the general principles of sustainable development.