



QUICK READS:

NATURAL CAPITAL AND POLICY

SYNOPSIS

The EU has taken the lead on advancing natural capital policies and is bringing the member states with it, requiring them to map and assess the state of ecosystems and their services. However, the EU is struggling with the technical complexity of preparing natural capital accounts. In Ireland, the natural capital approach is beginning to be integrated into major national policy documents, such as the National Planning Framework to 2040 and the Biodiversity Action Plan. But the concept has not yet become mainstream, and is entirely absent from economic and financial policies.

KEY POINTS

Natural capital is increasingly embedded in the EU's environmental policies:

- The Seventh Environment Action Programme, which runs until 2020, lists “protecting, conserving and enhancing natural capital” as its priority objective 1.
- Natural capital is also fundamental to the EU's Biodiversity Strategy which was adopted in 2011, and also runs to 2020. Action 5 of the Strategy requires that EU Member States, map and assess the state of ecosystems and their services in their national territory by 2014, assess the economic value of such services, and promote the integration of these values into accounting and reporting systems at national and EU level by 2020.
- The main vehicle for developing full natural capital accounts at the EU level is the Integrated System for Natural Capital and Ecosystem Services Accounting project (INCA). INCA is currently developing and testing pilot accounts for ecosystem extent, ecosystem services and ecosystem condition across Europe.
- The EU also aims to attract institutional investors into the field of natural capital and payments for ecosystem services. In this context, the European Investment Bank and the European Commission initiated the Natural Capital Financing Facility (NCF) in 2015. The NCF is designed to provide financing for new projects that come under the broad heading of ‘natural capital’ (categorised as green infrastructure projects, payment for ecosystem services, biodiversity offsets, environmentally sustainable businesses and nature-based solutions for adaptation to climate change).

There are also a number of policies in Ireland that are relevant to natural capital:

- **Project Ireland 2040 - National Planning Framework** sets out over 75 national policy objectives for growth and development in Ireland. The Plan has ten strategic priorities, one of which is the Sustainable Management of Water, Waste and other Environmental Resources.
 - This priority (Priority 9) has a sub-section devoted to Protecting, Conserving and Enhancing our Natural Capital. This covers Water Resource Management and Flooding, Green Infrastructure, Biodiversity, Natural Heritage, Landscape, Green Belts and Green Spaces. Water infrastructure is also a priority area for investment.
- Many of the policy objectives are commendable but vague. Two of the more specific targets relating to natural capital are the goals to:



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- Enhance the conservation status and improve the management of protected areas and species;
- Facilitate landscape protection, management and change through the preparation of a National Landscape Character Map and development of guidance on local landscape character assessments, (including historic landscape characterisation) to ensure a consistent approach to landscape character assessment, particularly across planning and administrative boundaries.
- In support of the National Planning Framework, the government recently published a National Policy Statement on the Bioeconomy. They stated that the key actions needed to expand the bioeconomy include: Promoting greater coherence between the many sectors of the bioeconomy; Strengthening the development of promising bio-based products and growing the relevant markets for them; and Accessing funding available at EU level as well as leveraging private investment.
- **The National Biodiversity Action Plan 2017-2021** is a more targeted policy document that commits to the following goals by 2021:
 - Natural Capital Asset Register developed;
 - National natural capital accounts developed;
 - and Natural capital integrated into economic policy.
- The Action Plan was discussed in detail at the National Biodiversity Conference in February 2019 - read the report [here](#).

POINTS OF DIVERGENCE

- Others argue that the work of mapping, measuring, and monetising natural capital is really just a step towards the commodification and financialisation of these assets.
- With the EU Natural Capital Financing Facility recently established, and the Irish state's history of extracting and privatising resources, this is likely unless there is a social and political transformation to parallel the economic one.

BIG QUESTIONS

- Are natural capital accounts a step towards more transparent, sustainable and equitable decision-making or a step towards the privatising and financialising of our natural assets?
- Irish and European policy frameworks are moving towards establishing natural capital accounts. The ultimate goal of this costly, time and labour intensive process is to incorporate the value of natural capital into planning decisions. But will these quantitative figures result in radical shifts to Ireland's current model of unsustainable development?

REPORTS

- **Natural Capital Accounting: Overview and Progress in the European Union.**
- **Mapping and Assessment on Ecosystems and their Services (2018).** View country progress [here](#); read about Ireland's progress [here](#).