



Summary

Session 4: Investing in a Secure and Sustainable Future

The Hague Conference on Environment, Security and Sustainable Development

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Summary of presentations

Mathis Wackernagel

Comprehensive natural capital accounts, like the ecological footprint, help us track a country's or an organisation's ecological performance. This informs investment decisions and enhances our ability to manage them in a way that serves local and global human well being.

- Governments can institute such accounts parallel to GDP, to strengthen their ability to manage their ecological assets and minimize ecological risks to their economy.
- Accounts can support analysis of potential conflicts and help set performance targets consistent with the reality of one planet.
- The public can use accounts to translate ecological bottom-line condition for sustainability into a specific measure, addressing 2 questions:
 - § How much of the planet's biocapacity do we use?
 - § Who gets what?

Paul Clements hunt, UNEP Finance Initiative

Government:

Policy makers should explore legislative, regulatory and voluntary mechanisms that encourage greater disclosure by financial institutions of the direct and indirect impacts of their cross-portfolio activities in conflict prone zones.

Generic:

Interested parties should support efforts to develop a conflict indicator and conflict assessment tools for the financial services sector.

Participants:

Interested conference participants should support, as appropriate, UNEP/IISD efforts to convene an international expert group of financial institutions, regulators and civil society representatives to further explore the role of financial services in supporting investment in stability.

Fastforward to 2025: The Future is Now – J. Steven Lovink

- A structural eco-investment cap of at least \$100 billion per annum is producing ever larger ecological debts and costly, fiscally imprudent associated risks.
- A target-based approach can yield an incentive and policy framework for nations, organizations and people to manage 21st risks to environmental, economic and human security on the basis of precaution, equity, efficiency and choice.
- To this end, governments and Civil Society need to agree on setting three targets that can be measured monitored and adjusted based on best available scientific data:
 1. biocapacity: how much of the planet's biocapacity should be preserved?
 2. timeframe: by when should the biocapacity target be achieved?
 3. financial risk: what investment levels are necessary to achieve the target?
- To the extent targets are not met and ecological debt and associated risks increase, a financial mechanism, such as eco-insurance, facilitated by complementary fiscal and economic incentives has the potential to automatically mobilize the necessary investment capital for strategic investment in a catalytic community-based

sustainability investment program in for example water, energy, health, agriculture and biodiversity.

- The EcoSmartCard may be a practical way of introducing the incentive and policy framework to people and organizations.

Recommendations

A. Recommendations re Policy

Comprehensive natural capital accounts, like the ecological footprint, can help track a country's or organization's ecological performance. Governments can institute these accounts, parallel to GDP, to strengthen their ability to manage their ecological assets and minimize ecological risks to their economy.

Policy makers should explore legislative, regulatory and voluntary mechanisms that encourage greater disclosure by financial institutions of direct and indirect impacts of portfolio activities in conflict prone zones.

A structural eco-investment cap of at least \$100 billion per annum is producing ever larger ecological debts, is fiscally imprudent and increases associated risks. A target-based approach can yield an incentive and policy framework for nations, organizations and people to manage 21st risks to environmental, economic and human security on the basis of precaution, equity, efficiency and choice. To this end, governments and civil society should set three targets that can be measured, monitored and based on best available scientific data:

1. biocapacity: how much of the planet's biocapacity should be preserved?
2. timeframe: by when should the biocapacity target be achieved?
3. financial risk: what investment levels are necessary to achieve the target?

Governments should set market incentives for publicly traded firms that require environmental risks and liability.

B. General Programmatic Recommendations

Comprehensive natural capital accounts can inform investment decisions, can support analysis of potential conflicts and help set performance targets consistent with the reality of one planet.

The public can use comprehensive natural accounts to translate ecological bottom-line condition for sustainability into specific measures by addressing 2 questions:

- (1) How much of the planet's biocapacity do we use?
- (2) Who gets what?

Interested parties should support efforts to develop conflict assessment tools for the financial services sector by means, for instance, indices of risk and natural capital accounts.

A financial mechanism, such as eco-insurance, facilitated by complementary fiscal and economic incentives has the potential to automatically mobilize the necessary investment capital for strategic investment in a catalytic community-based sustainability investment program in for example water, energy, health, agriculture and biodiversity.

The EcoSmartCard may be a practical way of introducing the incentive and policy framework to people and organizations.

C. Recommendations for Follow-Up

Interested conference participants should support, as appropriate, UNEP/IISD efforts to

convene an international expert group of financial institutions, regulators and civil society representatives to further explore the role of financial services in supporting investment in stability.

The Environmental community should concentrate on influencing long term equity investment in decisions by pension funds.

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