

E4S-NF Building Bridges Workshop Summary

Date: December 10, 2024 11am-12:30pm

As part of the Building Bridges conference, Enterprise for Society (E4S), together with NatureFinance (NF), hosted a workshop entitled **‘A new era of performance measurement: Reconciling diverging perspectives on nature valuation’**. Following an opening session and a keynote speech, concurrent roundtables discussed different perspectives on nature valuation, with a particular focus on biodiversity credits and agri-food systems, which were moderated by experts (*see page 2 for details of the discussions*):

Agri-food roundtables:

1. True cost perspective: **Emilia Schmitt**, Senior Researcher True Cost of Food Switzerland, Université de Lausanne
2. Insurance perspective: **Sarah Conradt**, Founder model-it gmbh
3. Integrated corporate decision-making perspective: **Nadine McCormick**, Senior Manager Nature Action, WBCSD

Biodiversity credit roundtables:

4. Start-up perspective - Savimbo: **Barbara Dubach**, Executive Director, Innovate for Nature & Managing Director and Founder, engageability
5. Measurement perspective: **PJ Stephenson**, Research Fellow, Université de Lausanne & Chair, IUCN SSC Species Monitoring Specialist Group
6. Governance perspective: **Simon Zadek**, Senior Advisor, NatureFinance

In his opening remarks, Simon Zadek highlighted **different dimensions of nature finance**. On the one hand, there is the financial system and nature finance at the sovereign level, with regulations (TNFD) and governance by financial supervisors and central banks. Capital requirements can serve as a financial supply push. On the other hand, there is the so-called real economy – or bioeconomy – which requires innovation at scale. How to incentivise and scale up such innovation is a fundamental challenge.

Edoardo Chiarotti, Senior Researcher at E4S, then introduced **different approaches to nature valuation**. He reminded participants that we as human species are dependent on and part of nature, and that life insurance, for example, has developed methods to put a price on human life. There are ways of valuing nature by considering natural capital as an input into production processes, but such approaches do not usually take into account the intrinsic value of nature. In the academic literature there are different approaches to valuing nature, including ‘stated preference’, ‘revealed preference’ or the cost of restoration. In the first case, an individual might consider a tree to be worth a certain amount of money. In the second case, the market price dictates the valuation. In the third case, an estimate of the restoration cost determines the value – bearing in mind that restoration may not always be possible.

Mirey Atallah, Chief of the Adaptation and Resilience Branch of UNEP’s Climate Change Division, joined us live from Nairobi to share her **practical insights on valuing nature, emphasising that valuation does not automatically equate to pricing**. For example, global warming and

acute droughts negatively affect the value of livestock, leading to food insecurity and health problems. The cost of repairing fresh drinking water as a common good for humans and animals is immense. It is therefore essential to invest in purposes other than nature, as the value of nature extends beyond its relational value, including landscapes and identities, with consequences for mental and societal stability. Mirey also emphasised that since the Club of Rome reports in the 1970s, knowledge has been accumulated and that we have now reached a tipping point for planetary boundaries, which must become a tipping point for solutions. As humanity, we need to internalise nature rather than treating it as a free externality.

During the roundtable discussions, participants then focused on different aspects of valuing nature through agri-food systems and biodiversity credits.

1. One roundtable discussed the true cost of food by highlighting the externalities currently excluded from food prices. If impacts such as greenhouse gases and nitrogen were included, meat prices would be two to three times higher, while other products would be cheaper. In particular, health costs account for 70% of hidden costs, and true cost pricing could encourage the consumption of vegetables and whole grains, while increasing the price of sugar- and salt-intensive products ([FAO report](#)). In Latin America, for example, it is currently difficult to justify higher prices, so true cost pricing of food could level the playing field. Getting the right amount of data to incorporate environmental and human health considerations into pricing remains a challenge. There are currently more than 20 methods for calculating true costs, but the approach can be used for financial risk analysis and investment decisions with a view to balancing impacts and benefits.
2. The second roundtable discussed agri-food from an insurance perspective, highlighting misdirected subsidies and negative externalities of beef production, such as hidden health costs, while acknowledging the existential importance for farming, e.g. in some alpine regions. Currently, 30-50% of farmers' income in EU beef production comes from subsidies and overall, agriculture is responsible for more than 10% of total CO₂ emissions. However, insurance policies often fall short in addressing negative externalities, such as environmental degradation or social impacts, and may not provide (sufficient) financial incentives for adopting sustainable practices. Participants noted the power of insurance as a lobby and its dual potential to bolster or impede various endeavors. With enhanced data and technology, insurance companies will be able to better assess the risk reduction achieved through sustainable practices. However, only a portion of this risk reduction can be directly translated into financial incentives, such as reduced premiums. Hence the challenge remains to move from an intensive to a regenerative agriculture model without overburdening farmers. New ways of insuring need to be developed, and initiatives using dedicated credit and insurance with risk mitigation through blended finance could help.
3. The third roundtable discussed integrated corporate decision-making by agri-food companies, leading to changes in business models. Participants asked how, why and when these companies value nature, as part of the [high-level business actions on nature](#): Assess, Commit, Transform and Disclose. For example, companies at the beginning of their journey need only qualitative assessments such as those provided by [Encore](#) to be able to make the case for more detailed capitals assessments. Less guidance is available for more advanced applications such as apply corporate accounts to inform business model decisions; a new Horizon-funded project - [A-Track](#) – is aiming to fill that gap. The roundtable concluded that more education and general awareness is needed for individuals to truly understand and therefore value nature, i.e. appreciate its importance.

4. The fourth roundtable discussed the start-up Savimbo, a best-practice case for voluntary biodiversity crediting with measurement of soil health, e.g. through remote sensing, and empowerment of indigenous communities as local experts who receive direct revenue streams. Participants highlighted earmarking practices and the need for return on investment (ROI) based on reliable measurements. However, standard metrics and measurement via cameras and bioacoustics may have to be complemented by methods used by indigenous people to measure nature, which may be more qualitative. Similarly, indigenous communities may be reluctant to sell their credits to certain companies due to moral conflicts, which makes scaling up challenging. Government cooperation may be necessary, but raises concerns about corruption. The roundtable also focused on the need for social inclusion and empowerment of small-scale and artisanal miners through the extension of productive life cycles and opportunities for alternative livelihoods. Mining requires conservation efforts that go beyond philanthropy and compensation for past damage.
5. The fifth roundtable discussed how data is collected and used to define and value biodiversity credits and for monitoring, reporting and verification (MRV). The temporal and spatial scales of data collection are challenging yet many actors have inadequate capacity for MRV. Modern technologies such as camera traps, eDNA and bioacoustics are widespread but can be complicated, expensive, and exclude indigenous and local communities. It is difficult to decouple the monitoring of biodiversity credits from project performance. Standardisation of metrics and MRV remains challenging but may be essential for some investors. Looking at solutions, several evolving standards and methodologies for biodiversity credits show promise in defining suitable MRV systems. However, further guidance and best practice examples are needed, and regulatory and policy drivers are vital for ensuring scientifically robust MRV and the involvement of local people. The group concluded that MRV needs to be kept as simple and feasible as possible, with caution when considering technology. We need good data sharing practices and learn the conservation community's lessons.
6. The sixth roundtable focused on governance frameworks for biodiversity credits, in particular the one proposed by the International Advisory Panel ([IAPB](#)), which warns against international offsets and secondary trading. On the one hand, the roundtable discussed natural capital accounting, including data ownership and the creation of certifications for credible, fair credits that respect traditional knowledge. The roundtable also discussed governance mechanisms for different types of markets, such as offsets, inside and voluntary markets, and highlighted the power of policy-driven demand, including tax incentives, beyond voluntary efforts. Finally, participants called for a balance between top-down and bottom-up approaches, such as in the case of weaker governments, and for ensuring equitable access, as the question is not only how to value, but who gets the value.

At the end of the workshop, the participating experts shared their hopes for nature valuation, such as **remembering the lessons of carbon markets and using valuation mechanisms such as pricing where they are needed and not where they are not**. In addition, metrics must be improved, and acceleration and scale-up must be achieved through collaboration to align interests, including those of local people. Inclusive vendor clubs could address concerns about 'who gets the value?'

Contact us:

If you would like to share any feedback or follow up with us after this workshop, please reach out to Alisa Gessler, Scientific Collaborator at E4S, alisa.gessler@unil.ch.