



Wednesday, 19 October 2011

Sector session 8

In the Driving Seat: Innovative approaches to Natural Capital in the North American Market

Synopsis: A number of innovative investment strategies are being adopted in the North American market to drive greener and cleaner financing. There are also a growing number of tools available to help bankers and investors to spot risks related to biodiversity and ecosystem service degradation.

Summary: Environmental costs are becoming immaterial. These externalities represent the depreciation of natural capital such as good climate and other services of the ecosystem that we use but do not pay for. By not addressing environmental costs and simply replacing the resources will only lead to increase input costs. Preventive care is preferred to post case triage. By preventing deforestation, this also contributes to topsoil protection and land cycle management, which can be funded by existing grants.

Green Bonds are typically part of the existing grant. Approximately 2.5 billion worth of bonds issued falling under the World Bank Treasury were graded AAA with varying maturity. Green Bonds support mitigation and adaptation by focusing on climate change and can also be used as carbon reduction tools. Therefore building customized benchmarks and building the portfolio will increase the use of Green Bonds. This supports the suggestion that development projects and corporate real estate are some of the solutions for innovative investment.