

BIODIVERSITY: THE NEW FRONTIER FOR SUSTAINABLE FINANCE

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Mark Halle: “100% of global GDP is completely dependent on nature”

Senior advisor to the United Nations Environment Programme (UNEP) debates with experts from different sectors and disciplines on the rise and urgency of biodiversity financing and the pending challenges

Senior advisor to the United Nations Environment Programme (UNEP) and currently senior advisor to the Financial Centers for Sustainability (FC4S), Mark Halle, assures that “nature is inseparable from economic activity and that if we fail to incorporate nature in the right way in economic activity then that economic activity is at risk as well”. In fact, he warns that 100% of the world’s Gross Domestic Product depends totally on nature. Halle was the main speaker and the moderator of the conference 'Biodiversity: the New Frontier for Sustainable Finances', which took place this Wednesday at the Barcelona Stock Exchange, is organized by Barcelona Financial Center Europe and Financial Centers for Sustainability (FC4S).

During his conference, Halle explained that, currently, 40% of invertebrate pollinator species are threatened with extinction and that 75% of global food crop types rely on pollination. Furthermore, he warned that 50% of crops are at risk from soil erosion and 60% of irrigated wheat production occurs in areas of extremely-high water stress.

The consequences of the degradation of biodiversity go far beyond that, Halle explained. For example, we should bear in mind that “70% of cancer drugs are natural or inspired by nature”. Therefore, they are also affected by this degradation of biodiversity as a consequence of climate change. And when it comes to health, Halle stressed that we need to be aware that “two billion (U.S.) tones of CO² emission are absorbed by forests every year, making forest ecosystems the largest terrestrial carbon sink”.

“Nature has a problem”, Halle insisted.

Halle insisted on the need to address the degradation of biodiversity in order to avoid major catastrophic consequences because “90% of world's large fish have disappeared and there are 1,000,000 species are at risk, today”. The senior advisor to the United Nations Environment Programme estimated that \$44 trillion of global output is at risk due to the decline in the World's ecosystems.

Luis Herrero, President of the Barcelona European Financial Center (BCFE), who was the presenter of the event, assured that “it is imperative that we act now to reverse this trend and save our planet for future Generations”. Herrero considered that “from the financial sector, we have a unique opportunity to make a substantial impact by integrating sustainability in our business practices and investment decisions in order to drive positive change”.

Herrero and Halle coincided that a window of opportunity has opened and acting against this decline in the global ecosystem could provide 395 million jobs globally. The senior advisor to the UN assured that governments and companies are becoming more conscious and aware of the need to apply measures and regulations.

General Director of Environmental Policies and Natural Environment of the Government of Catalonia, Marc Vilahur, claimed that Mark Halle is an example of joint efforts to face this crisis that he qualified as “global”. “It is not a climatic crisis or a biodiversity crisis, but rather it is the kind of global crisis that we have to face together”. Vilahur explained that Catalonia also suffers from the consequences and the decline of this degradation of biodiversity. On this regard, we explained that “we are losing about a 25% of our biodiversity, more than 50% in freshwater and wetlands, and 34% in farmland, as well as a 10% in our forests”.

“If we want to change the world, we need the support from regulators, companies and, obviously, the financial sector”.

During the round-table discussion on biodiversity financing, innovation and Nature markets, Global Head Responsible Business at BBVA, Antoni Ballabriga, said that “if you want to change the world, that's what we want to do, it has to make economic sense; we need the support from regulators, companies and, obviously, from the financial sector, and it will happen if we see a business opportunity”. On the same discussion, Sustainability and Climate Change Partner PwC Spain, Marga de Rosselló, demanded clearer and more homogeneous regulations to accelerate this investment in sustainability and projects for biodiversity.

Some examples of on-going projects were presented during the conference by companies claiming to be already investing in strategies to reverse the loss of species. Pedro Ruiz Rodriguez, Sustainability Specialist at Nestlé España SA, explained Nestlé's collaboration at Montseny Natural Park for the recovery of the red frog, that is a vulnerable species and an indicator of climate change. On a similar matter, Joan Cabezas, CEO and Co-founder of Nactiva, director of Palladium's Natural Resources Hub, explained his project, innovative in Europe, of uniting large Catalan companies to promote a platform for investment in natural capital. Cabezas commented, during this session at the Barcelona Stock Exchange, on their attempt to seek productive investment opportunities in environmental areas to boost growth, protect the planet and fight against climate change. Cabezas believes that there is the need of “innovative” methods to fight against climate change and for the protection of the environment.

Team leader for Green Finance of the European Commission - DG environment, Giovanni Garcea, also participated in the round-table discussion on political and legal development and evolution through videoconference. Pol Solsona, Cuatrecasas Partner of the Banking and Finance Department, and also a specialist in financing renewable energy projects, began his his speech stressing that “Barcelona Stock Exchange was the appropriate place to talk about finances for the sustainability”. Solsona also admitted that “we don't see so many biodiversity purpose loans yet but we'll get there” eventually. A diagnose shared by Jordi Bermúdez, RocaJunyent Associate of the Financial and Regulatory Department, who claimed that “the average investor is, as of today, not used to dealing biodiversity projects, and the Institutional Investor does not feel comfortable with projects in early stages and prefers to invest in more mature projects. Amongst the challenges that biodiversity investment faces, he also mentioned “converting today's not-mandatory market practices into real obligations, such as warning about climate-related risks. Bermúdez explained that Spain is already working on it.