

# Community of Practice

## Financial institutes and Natural Capital (CoP FiNC)

### Summary 3th September 2015

#### - Business case own practice -

#### Opening

Host [StartGreen](#) is working on several innovative new forms of financing, such as crowd funding, venture capital and is Secretary of the regional energy funds with the provinces of in Overijssel and Noord-Holland. As a trend they see more and more hybrid forms of financing and cooperation between different types of financing.

#### Presentation Crowdfunding for Natural Capital by Marieke Kamphuis (One Planet Crowd)

Since launching in 2012 [Oneplanetcrowd](#) (OPC) has become a platform with over 16,000 active investors and ca 6 million fetched funding. More than 100 projects have started with realized growth capital. OPC is a StartGreen initiative for private investors who want to invest in small businesses with a positive impact who are difficult to finance.

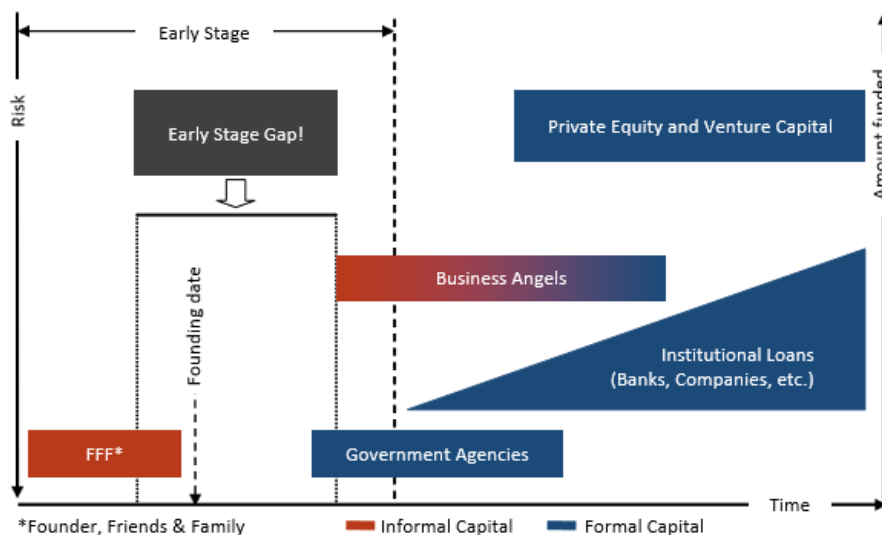


Figure: The early stage gap (source: presentation One Planet Crowd)

The investor (the crowd) chooses its own portfolio from the projects with social and/or sustainable impact. Crowd funding offers a test of the market for new products. By personally investing, the investor feels co-responsible for the success of the innovation. The project gets a network, sometimes free advice or other contributions.

The development is booming. It is expected that in 2016 worldwide there will be more invested through crowd funding than through venture capital. At OPC the capital that is being invested by the crowd doubles every half a year. Many countries struggle with the regulations for crowd funding. In Netherlands the supervision is in hands of the AFM (Netherlands Authority for the Financial Markets). Risks are managed through an intake process, a monitoring protocol, dialogue with the projects on behalf of the crowd and early warning signals and involvement of the crowd.

Natural capital projects that have been funded through OPC are:

- Donation/reward system: otter-crossing, starfish, coral reef bees palaces in cities;
- Loans/shares: chocolate makers, natural bulbs, solar-boiler, wood heater.

OPC is a nice step in hybrid banking. Start-up initiatives can prove their practice and grow through venture capital towards institutional loans from banks. It's a breeding ground for bankable projects.

### **Presentation Economics of Natural Capital in the Financial Sector by Pieter van Beukering (IVM)**

As environmental economist [Pieter van Beukering](#) is working at the [Institute for environmental studies](#) (IVM). He explained what methods there are to value the ecosystem services for a business or investment, and the steps of the [Ecosystem services review](#) (ESR) method developed by WBCSD and WRI. The four types of ecosystem services (producing, regulating, cultural and supporting) can be translated into direct use values, and indirect values such as altruistic values and existence values. The more tangible a value is, the easier it is to transform it into economic rating/valuation. Van Beukering stated that the role of the financial sector to accelerate greening the private sector has been underexposed in TEEB.

In addition to the more market-oriented techniques (market prices, replacement cost, avoidance cost, production function), there are also more behaviour-linked methods (hedonic pricing, travel cost method, contingent valuation method, choice experiment).

The IVM has a database with various (economic) valuation studies that can be used to create a standardized value of ecosystem services.

### **Exploring business case own practice**

In pairs the participants explored the business case of their own practice on the basis of a number of questions about investments and returns. Insights from the exploration are:

- Investing in green roofs: together with other (indirect) users of ecosystem services you can build the business case. The ecosystem perspective offers a view to assess which new stakeholders to involve. Within the organising actuaries and balance sheet managers are key to realize changes in sustainable investing. Externally stakeholders might be water boards, municipalities, property managers, roofing contractors, landscapers and NGOs for bird protection or butterfly conservation.
- Also for investing in hiking in nature the business case has to be built with other users of the ecosystem. The ecosystem perspective offers new stakeholders such as the 12 landscapes, parties in health care ([www.beterinhetgroen.nl](http://www.beterinhetgroen.nl)) and income insurers. Crowd funding can be coupled with it because it engages the citizen and gives social commitment.
- Impact of investments on water ecosystems. A future oriented perspective is not only based on risks but also on opportunities. There are many questions on impact data related to investments. To get more validated data, financial institutions are partnering with ecosystem thinking / nature conservation NGOs.