



**International
Finance Corporation**
World Bank Group

Natural Capital Management, Valuation and Accounting for the Private Sector

NATURAL CAPITAL PROGRAM

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Sustainable Business Advisory

IFC's Vision

That people should have the opportunity to escape poverty and improve their lives

We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments.

IFC offers development impact solutions through firm-level interventions, standard-setting, and business enabling environment work.

IFC's Three Businesses

Investment Services

- Loans
- Equity
- Trade finance
- Syndications
- Securitized finance
- Blended finance

**\$56.5 b
portfolio**

Advisory Services

- Access to finance
- Sustainable Business
- Investment Climate
- Public-Private Partnerships

**\$200 m
per year**

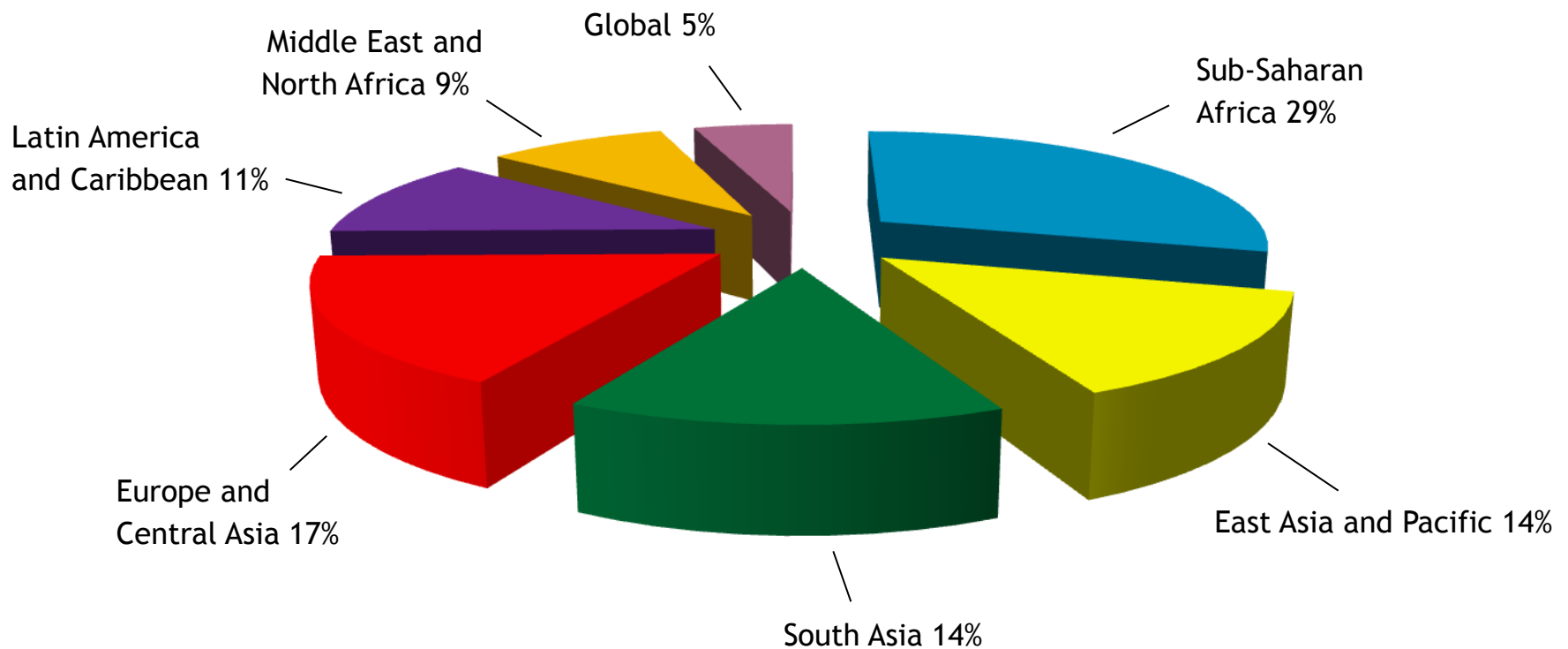
IFC Asset Management Company

- Wholly owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC

**\$4.5 b
under
mgmt**

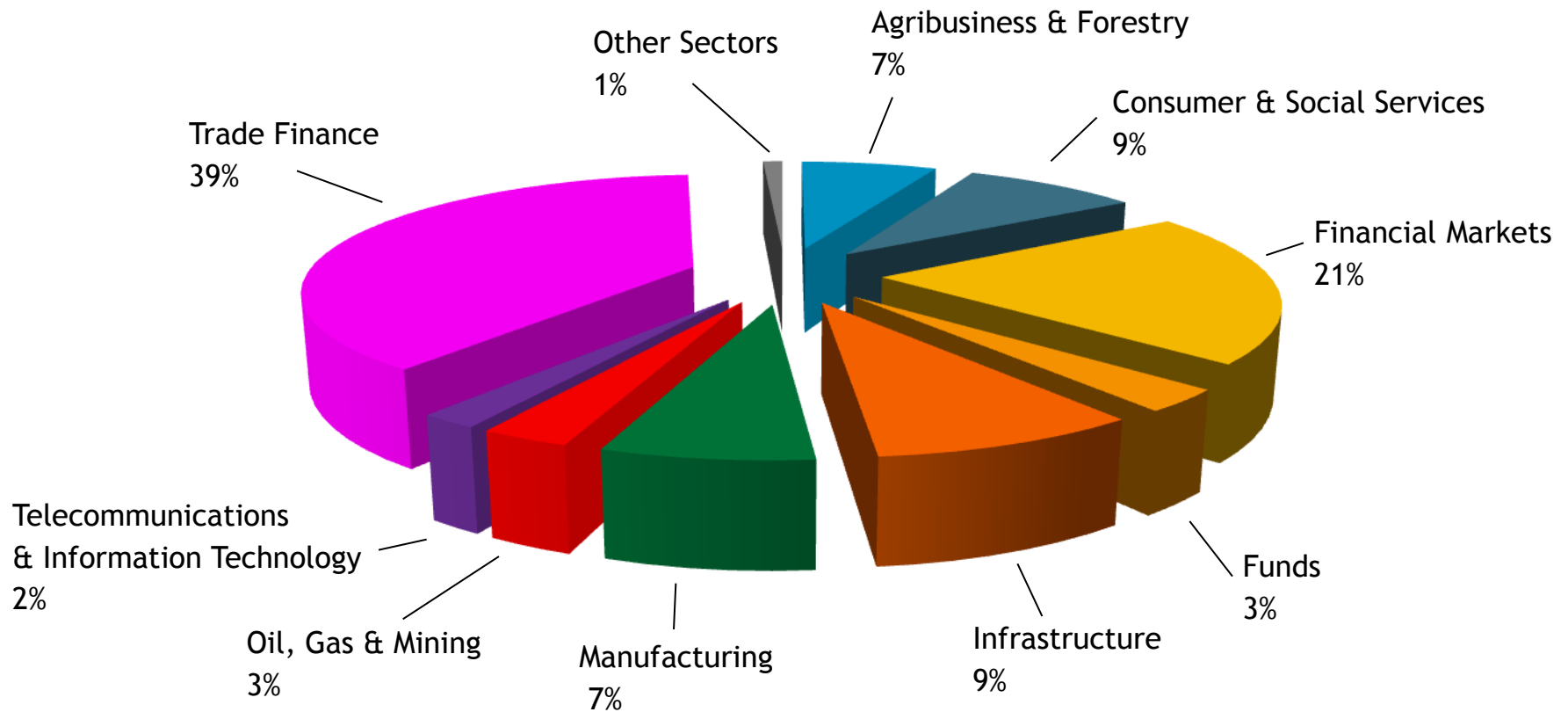
Advisory Services by Region, FY12

Total Project Expenditures: \$197 Million



Investments by Industry, FY12

Commitments for IFC's Account: \$15.4 Billion

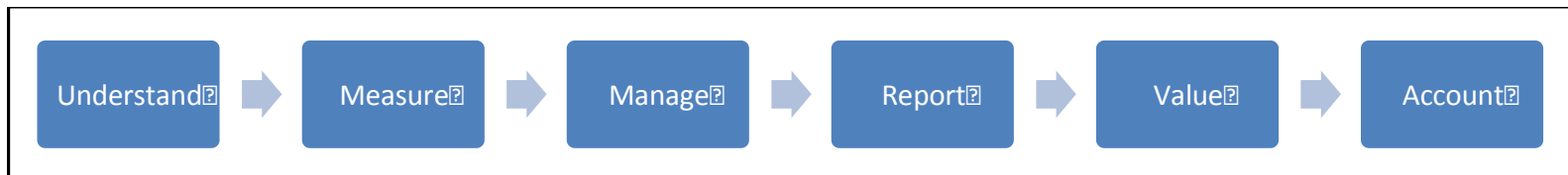


Natural Capital

- Sustainability challenges are increasingly material to companies' long-term strategies, to their customers, and external stakeholders.
- There is tremendous opportunity for companies to develop competitive solutions in emerging areas related to green growth.
- Companies are increasingly factoring environmental, social and governance considerations into business decision-making

IFC has signed the Natural Capital Declaration, is an observer to the Board of the TEEB for Business Coalition, and Vice Chair of the World Economic Forum's Global Agenda Council on Natural Capital.

Natural Capital Program



- Companies have limited ability to identify impacts and manage natural capital.
- There is little awareness on guidance for incorporating natural capital information in corporate reports.
- There is no commonly-agreed methodology for valuing or accounting for natural capital externalities.
- It is difficult for companies to identify their particular motivation and benefits.

Program Objectives

- To identify private sector benefits and support company-level methods and approaches for engaging in natural capital management.
- To improve corporate reporting and disclosure of natural capital impacts and dependency.
- To strengthen partnerships and contribute to emerging tools for natural capital valuation and accounting.

1. Measure and manage natural capital at a company level:

- The first step towards action by the private sector is to understand and take stock of the impact and dependency on natural capital.
- The main challenge for companies to act is the lack of actual data and capacity to integrate natural capital monitoring into business processes and decision-making.
- The knowledge and availability of resources for companies is increasing rapidly.

2. Natural Capital reporting and disclosure:

- Including natural capital in sustainability and integrated company reports is the first step towards transparency and the recognition of value.
- The Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC) are working on revisions to their frameworks and both include an enhanced section on natural capital.
- Individual companies have also ventured into natural capital reports and disclosed their position and operations in varied ways.

3. Towards natural capital valuation and accounting:

- Support the development of tools and frameworks for natural capital valuation and accounting at a company and industry level.
- Articulate the benefits and motivation for private sector firms in emerging markets to value and account for natural capital.
- A clear connection of this topic with public sector natural capital accounting has yet to be made.

Initial Pilots

- **Corporate focus**, targeting an individual company's operation and its supply chain.
- **Industry focus**, targeting an industry or aggregation of companies.