Wealth Accounting and Valuation of Ecosystem Services (WAVES): a Global Partnership

Natural Capital Accounting for Sustainable Development
WAVES Implementation and Funding

Partnership

• **Core Implementing Country Partners**: receiving substantial technical support from WAVES multi-donor Trust Fund (5 countries so far)

• **Contributing Donor Partners**: UK, Japan, Norway, France, the Netherlands, Germany, EC, Denmark, Switzerland

• **Participating Partners**: countries with other sources of funding who have endorsed the NCA communique, UN & international organizations, NGOs, private sector, academics and others

Governance

• WAVES Secretariat and management in World Bank HQ

• Global Steering Committee: UNEP, UNDP, UNCEEA, donors, WAVES-supported partner countries

• Country work managed by National Steering Committees

2-phased approach

• 1-year preparation phase (through June 2012 for original 5 implementing partner countries)

• 4-year implementation phase through 2016+

Funding

• $22 million, additional funds being raised for the ‘50/50’ NCA campaign launched on the basis of the Gaborone Declaration May 2012
Key information about natural capital is **missing** or **invisible** in the System of National Accounts (**GDP**):

- Depletion of natural capital – minerals, forests
- Use of materials and energy not fully represented
- Environmental degradation – air & water pollution, loss of soil productivity
- Ecosystem services – carbon storage, flood mitigation

**Filling the information gap:**

Natural Capital Accounting based on the SEEA, System of Environmental and Economic Accounting
Why do Natural Capital Accounting?

Better indicators for monitoring sustainable development: Wealth and Adjusted Net Savings

Better tools for managing natural capital to promote growth and poverty reduction

- Weighing tradeoffs for water, land use
- Prioritizing investments in resource management, protected areas
How do we do NCA?

UN’s System of Environmental and Economic Accounting (SEEA)

- Part 1. SEEA-Central Framework
- Adopted by UN Statistics Commission as 
  *International Statistical Standard* in February 2012

Also,

- Part 2. SEEA Experimental Accounts for Ecosystem, 2013
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<th>Country</th>
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<td>Australia</td>
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<td>Ghana</td>
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<td>Trinidad and Tobago</td>
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WAVES Global Partnership to support implementation of NCA based on SEEA

Launched by former World Bank President Zoellick in October 2010 to:

Implement natural capital accounting (SEEA) and use for policy in 6-10 countries:

- Botswana, Colombia, Costa Rica, Madagascar, Philippines (India, Vietnam, others to follow...)
- Australia, UK, Canada, France, Spain, Netherlands

Expand methodology for the SEEA, especially valuation

Promote global adoption of natural capital accounting beyond the original 5 implementing partner countries
Govts. Implementing Natural Capital Accounting

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<tr>
<th>Countries</th>
<th>Most common `Flow’ accounts</th>
<th>Most common `stock’ accounts</th>
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</table>
| 27 EU countries, Australia, Canada, New Zealand, Norway | • Energy  
  • Water  
  • Air and water pollution | • Minerals & energy resources,  
  • Forest timber |
| Colombia, Korea, Mexico, South Africa | • Energy  
  • Water  
  • Pollution | • Minerals and energy  
  • Forest timber |

**Countries initiating environmental accounting, or renewing earlier pilot programs:** Botswana, Brazil, Costa Rica, Guatemala, Kenya, Madagascar, Mauritius, the Philippines, Qatar, Vietnam
Where has Natural Capital Accounting been most useful?

1. **Indicators** for monitoring sustainable development
2. **Water accounting**: managing a scarce resource
3. **Energy and air pollution**: cleaner, more efficient production
4. **Stocks of minerals & energy**: fiscal rules, managing mineral revenues for long term growth
5. **Land and ecosystems**: balancing the needs of tourism, commercial and subsistence agriculture, water supply, soil erosion, and other uses
Where are we now with WAVES?

5 WAVES Core Implementing country partners:
Preparation phase for WAVES countries completed and work programs started
3rd Annual Partnership Meeting, April 2013

Expanding WAVES to new countries

- **66 countries** signed Natural Capital Accounting (NCA) Communique (based on Gaborone Declaration, African Sustainability Summit, May 2012)
- **Ministerial-level event** for all participating partner countries at World Bank-IMF spring meetings, April 18
- **Global Action Plan** drafted in consultation with UN DESA, UNDP, UNEP
- **Regional workshops** planned for signatory countries (Middle East/N Africa, Latin America, Africa, others to follow in 2013)
- **Engagement with countries** interested in becoming Core Implementing Partners
Natural Capital Accounting Work Program in WAVES Core implementing Countries: Botswana, Colombia, Costa Rica, Madagascar, the Philippines
Country Roadmap for Implementation

Preparation

- Institutions
- Feasibility study
- Work plan

Implementation

Commitment from key agencies
Establish institutional structure
Identification of:
- Critical natural resource policy issues in country
- Key entry points for policy making
- Relevant components of environmental accounts
Assessment of data availability and technical capacity

- Which components will be built and in what order?
- Identify and fill data gaps
- How will technical capacity be strengthened?
### Current WAVES countries

<table>
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<tr>
<th>Country</th>
<th>Work Plan Details</th>
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| Botswana    | • work plan approved for water, minerals & energy, land & tourism, indicators of sustainability,  
             • first results on updated water accounts presented to President at high-level economic advisory council; |
| Madagascar  | • work plan approved for minerals, forests & protected areas, tourism, watershed pilot accounts, mangroves, indicators of sustainability,  
             • work underway, mineral accounts expected end of 2013, preliminary results for the rest of accounts in 2014 |
| Philippines | • work plan approved for minerals, mangroves, pilot land/ecosystem accounts for 2 sites  
             • TORs being drafted for implementation |
| Colombia    | • work plan approved for watershed ecosystem accounts for water, forests in 3 pilot watersheds,  
             • TORs being drafted for implementation |
| Costa Rica  | • work plan for water and forests accounts under final discussion  
             • water accounts under construction |
How did the process work in Botswana?

- **National Steering Committee**, chaired by Ministry of Finance and Development Planning
- **3 multi-stakeholder workshops** on WAVES (July & Nov 2011, Jan 2012)
- **Scoping out study** commissioned,
  - Policy priorities based on NDP10, EDD, other documents
  - Review of data availability, gaps, lessons from earlier NRA program
- **Work plan adopted** by Steering Committee, March 2012
- **Presentation to BEAC**, May 2012, endorsed by BEAC
- Updated Water Accounts presented to BEAC, Nov 2012
- **Country Coordinator hired**, sits in MFDP
Botswana: achieving growth-diversification-poverty reduction

Optimizing natural resource use is the key...
...but the necessary economic information is often incomplete or missing.

NCA supports environmental accounting to fill that information gap and improve economic decision-making in 2 ways:

1. Information to Optimize use of Botswana’s Natural Capital
   - Water accounts
   - Mineral and Energy accounts
   - Land/Ecosystem accounts & the role of tourism

2. New macroeconomic indicators: a new way of measuring economic growth—beyond GDP—that takes Natural Capital into account
## Botswana NCA Work plan

<table>
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<th>Objective</th>
<th>Description</th>
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<tr>
<td><strong>1. Managing water resources</strong></td>
<td><em>Contribute to integrated water resources management, water sector reforms, NMWP review, identify constraints to economic diversification strategies and ways to overcome them</em></td>
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</tbody>
</table>
| **2. Minerals & Energy**                       | *Contribute to development of a new fiscal rule for mineral revenues*  
*Electricity and the development of coal resources* |
| **3. Land & ecosystems**                       | *Contribute to dialogue on best use of land to support long term growth, how to increase benefits from tourism*                                |
| **4. Macro-economic indicators**               | *New macro-economic indicators (ANS, ANNI and comprehensive wealth) to guide sustainable development building on initial estimates of Natural Capital by the World Bank* |
| **5. Capacity Building**                       | *Technical training built into all components, participation in WAVES regional & global training programmes*                                   |
Thank you!

www.wavespartnership.org