

# Wealth Accounting & Valuation of Ecosystem Services and CBD reporting & targeting

**RM@RM – EU Experts Workshop**

**Advancing together on Biodiversity Resource Mobilization  
and preparing the CBD COP PyeongChang**

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# 1. What is WAVES

Global partnership that aims to promote sustainable development by ensuring that **natural capital** is mainstreamed in (1) development planning and (2) national economic accounts

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Global partnership that aims to promote sustainable development by ensuring that **natural capital** is mainstreamed in (1) development planning and (2) national economic accounts

- Establish and implement on regular basis environmental accounts (including biodiversity)
- Develop internationally-agreed guidelines for ecosystem services accounting
- Spread environmental accounting through a global partnership

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- **Lack of leadership** from international organizations to mainstream “Beyond-GDP,” but now renewed consensus



# What will WAVES do

## Issues

## WAVES solution

Policy link



Help countries adopt and **implement accounts** that are **relevant for policies**

Like TEEB, **compile body of experience**

No global standard for ecosystem accounting



**Partnership to develop** ecosystem accounting **methodology**

Limited capacity



**Global platform for training and knowledge sharing**

Lack of leadership



World Bank using **convening power** to build on renewed consensus

# Global Campaign: 70+ Countries supporting NCA



|                |            |                  |                     |
|----------------|------------|------------------|---------------------|
| Australia      | France     | Madagascar       | Samoa               |
| Austria        | Gabon      | Malawi           | Seychelles          |
| Belgium        | Germany    | Malta            | Slovakia            |
| Bhutan         | Ghana      | Marshall Islands | Slovenia            |
| Botswana       | Greece     | Mexico           | South Africa        |
| Bulgaria       | Grenada    | Morocco          | Spain               |
| Brazil         | Guatemala  | Mozambique       | St. Kitts and Nevis |
| Chile          | Hungary    | Namibia          | St. Lucia           |
| Colombia       | Indonesia  | Netherlands      | Swaziland           |
| Costa Rica     | Ireland    | Norway           | Sweden              |
| Cyprus         | Italy      | Palau            | Tajikistan          |
| Czech Republic | Kenya      | Papua New Guinea | Tanzania            |
| Denmark        | Latvia     | Philippines      | Togo                |
| Egypt          | Lebanon    | Poland           | Trinidad and Tobago |
| Estonia        | Liberia    | Portugal         | United Kingdom      |
| Fiji           | Lithuania  | Romania          | United States       |
| Finland        | Luxembourg | Rwanda           | Vietnam             |



# WAVES Core Implementing Countries (Current and Proposed)

| Region      | Core Implementing       |               |                         |                           |
|-------------|-------------------------|---------------|-------------------------|---------------------------|
|             | Current                 | 6 months      | 12 months               | 18 months                 |
| <b>AFR</b>  | Botswana,<br>Madagascar | Ghana, Rwanda | Mozambique,<br>Gabon*** | Tanzania,<br>Mauritania** |
| <b>EAP</b>  | Philippines             | Indonesia**   | Vietnam*                |                           |
| <b>ECA</b>  |                         |               | Turkey**                |                           |
| <b>LCR</b>  | Colombia, Costa<br>Rica | Guatemala     |                         | Belize                    |
| <b>SAR</b>  |                         |               | Bhutan                  |                           |
| <b>MENA</b> |                         | Morocco       | Egypt                   | Lebanon                   |

\*Vietnam has already begun implementing through CMU funds.

\*\*Not yet signed but have expressed strong interest.

\*\*\*Currently discussing RAS with AFR to support implementation.



## 2. What framework does it use

### **INCLUSIVE WEALTH ACCOUNTING —**

Manufactured capital, Natural capital, Human & Social capital

→ Development is a process of building wealth and managing this portfolio of assets (*The Changing Wealth of Nations*, World Bank 2011; *Inclusive Wealth Report*, UNEP 2012)

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### **NATURAL CAPITAL ACCOUNTING (NCA) —**

Developing framework for implementation for Natural Wealth, including ecosystem services, and bring these dimension into National income accounts

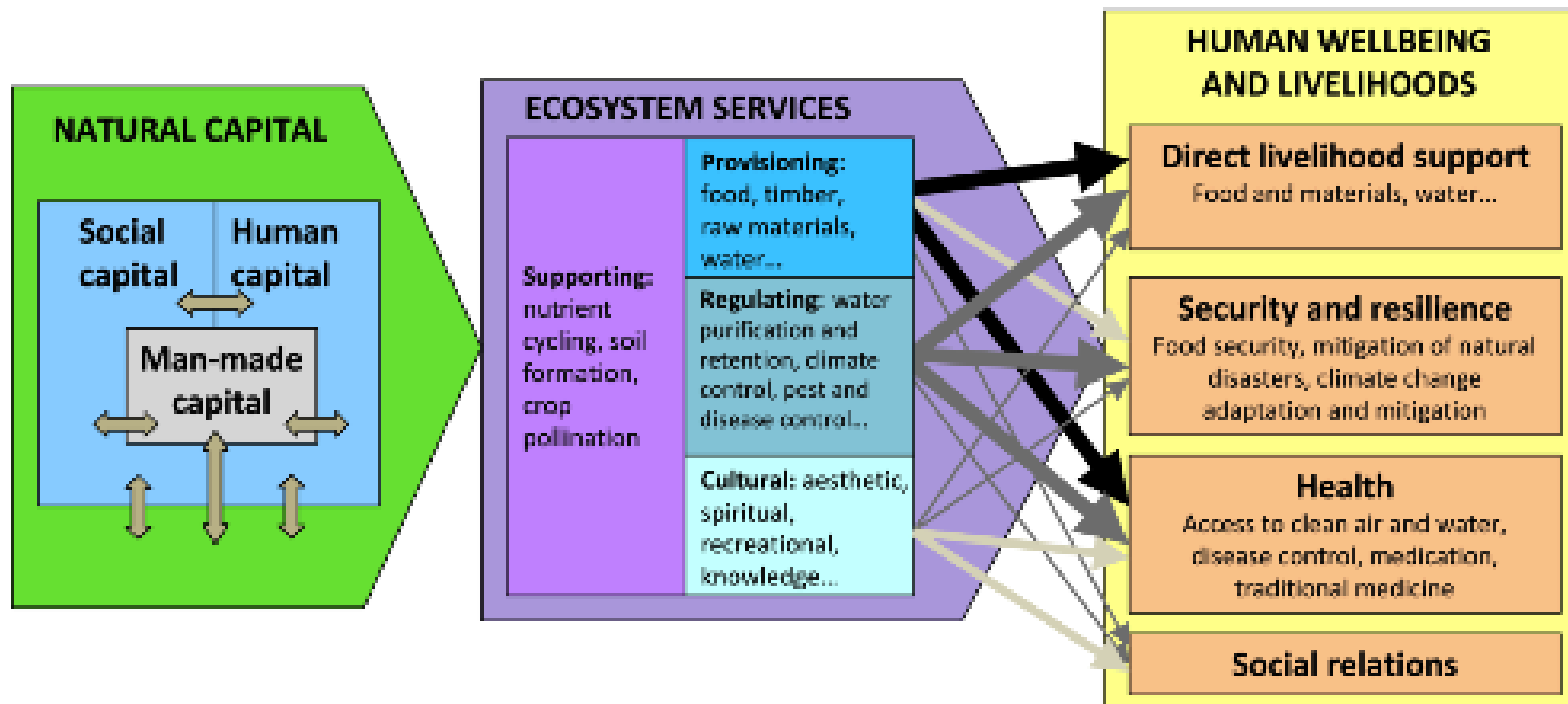
→ System of Environmental and Economic Accounting (SEEA)

→ UN Statistical Commission, National and International agencies



# 3. What policy questions can it be used for

For showing the link between natural capital, biodiversity (stock) and ecosystem services (flows) and sustainable development (human wellbeing), creating better *indicators* for monitoring sustainable development



# Measuring country sustainability through changes in wealth—Adjusted Net Savings (ANS)

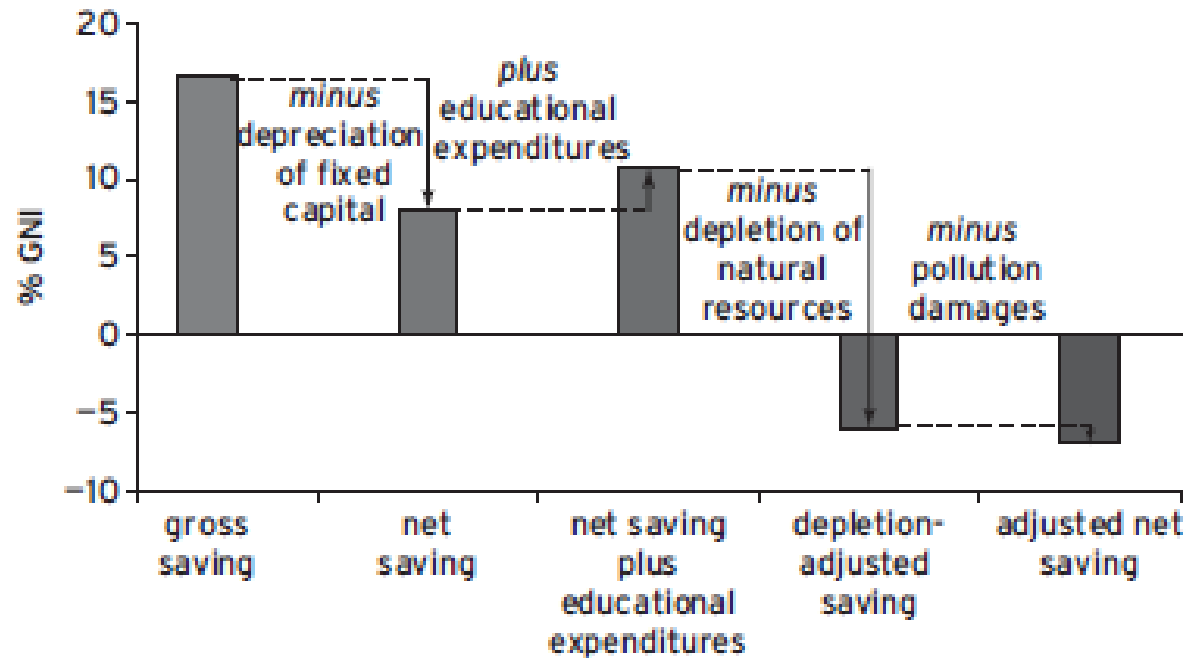
Is GDP growth sustainable or are we just “living off our natural capital?”

Calculating Adjusted Net Saving for Sub-Saharan Africa, 2008

## ANS

measures gross saving adjusted for

- Depreciation of fixed capital
- Human capital investment
- Resource depletion
- Pollution damages



Key question is whether adjusted net saving is positive or negative

→ Negative saving indicates unsustainability



# Examples of policy issues countries will address through NCA

## Issues

## How can environmental accounts help?

How to increase **the contribution of coastal ecosystems and their biodiversity** to inclusive growth and increased resilience?



**Biodiversity and Ecosystem accounts** can help determine how management of coastal ecosystems can be improved and who will benefit

How to **increase the share of hydropower** given concerns about siltation of reservoirs?



**Land and water accounts** can help assess value of competing land uses and economically optimal way to achieve this goal

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How to provide **sustainable finance** for management of biodiversity-rich, protected areas?



**Land accounts** can help determine the value and potential contribution from tourism, climate regulating services, and water supply provision

How to **achieve economic diversification** and reducing reliance on finite mineral wealth?



**Location-specific tourism accounts** can help determine the contribution of nature to tourism and how this can be **increased**

# 4. NCA and CBD reporting & targeting

Implement SEEA standards & pilot SEEA ecosystem accounts:

- **Physical measures & monetary value of ecosystem services**  
produced on regular basis (biodiversity accounts)  
cost of biodiversity degradation
- **Distribution of benefits**  
burden of biodiversity degradation among different stakeholders  
benefits of biodiversity targets among different stakeholders
- **Value of assets**  
developed for alternative (policy) scenarios – biodiversity targets

## 5. NCA and CBD – conclusive notes

For better *management* of biodiversity assets for growth, poverty reduction and the setting of targets

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- How much should be invested in natural capital, like protected areas?
- Prioritizing biodiversity assets: where can we make credible progress quickly

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- How much should be invested in natural capital, like protected areas?
- Prioritizing biodiversity assets: where can we make credible progress quickly
- Costs of (biodiversity) policy inaction / distribution of impacts
- How do we weigh tradeoffs among competing users, for example biodiversity, forests & land use?
  - How do we balance land use for tourism, agriculture and other ecosystem services like carbon storage or biodiversity?

# Thank you!

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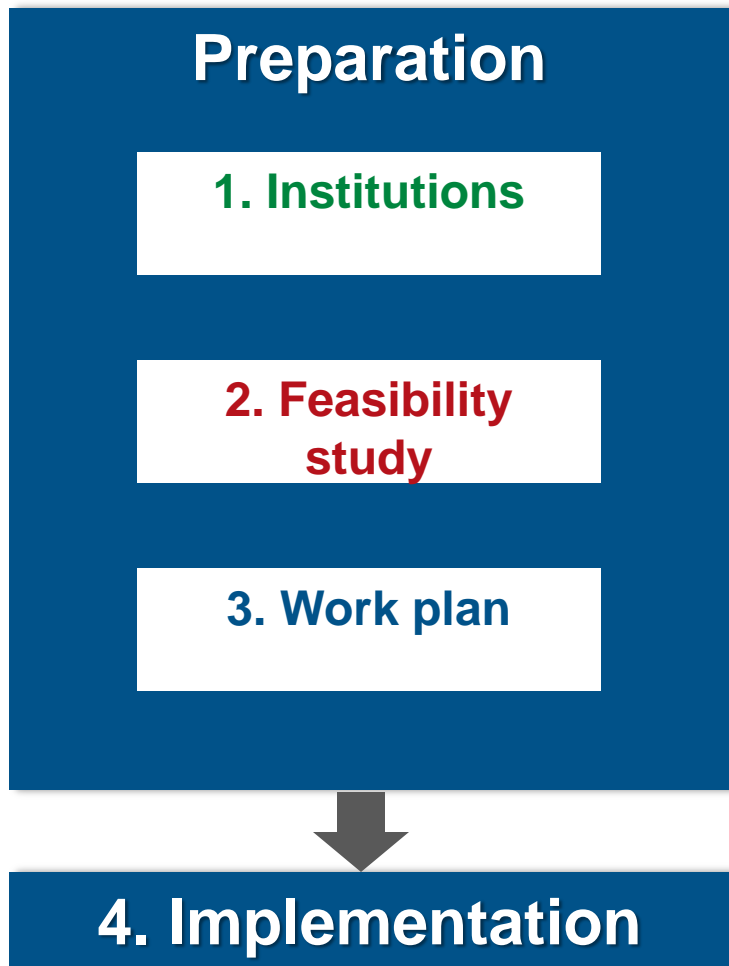
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# How WAVES Core Implementing countries get started



- 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

- Which **components** will be built and in what order?
- Identify and fill **data gaps**
- How will **technical capacity** be strengthened?