

# Introducing the WAVES Global Partnership: Wealth Accounting and the Valuation of Ecosystem Services

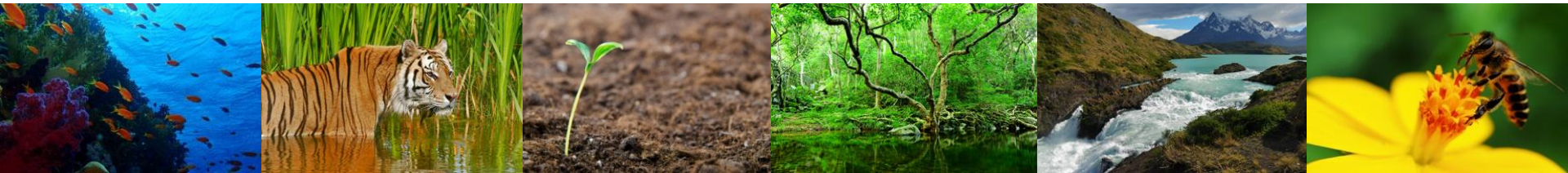
## Tools for the Green Economy

A Briefing for the Policy and Environment Partnership

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# Sustainable Development and Wealth

We don't judge a company solely on the basis of its income statement—look at both ***income and balance sheet***.

- Increasing assets (wealth) support *long-term* growth.
- In the short term, income can appear to grow by liquidating assets, but this undermines long-term growth.

Why do we assess country economic progress on the basis of national income, GDP alone? (J. Stiglitz,, Nobel prize, Economics, former WB Chief Economist )

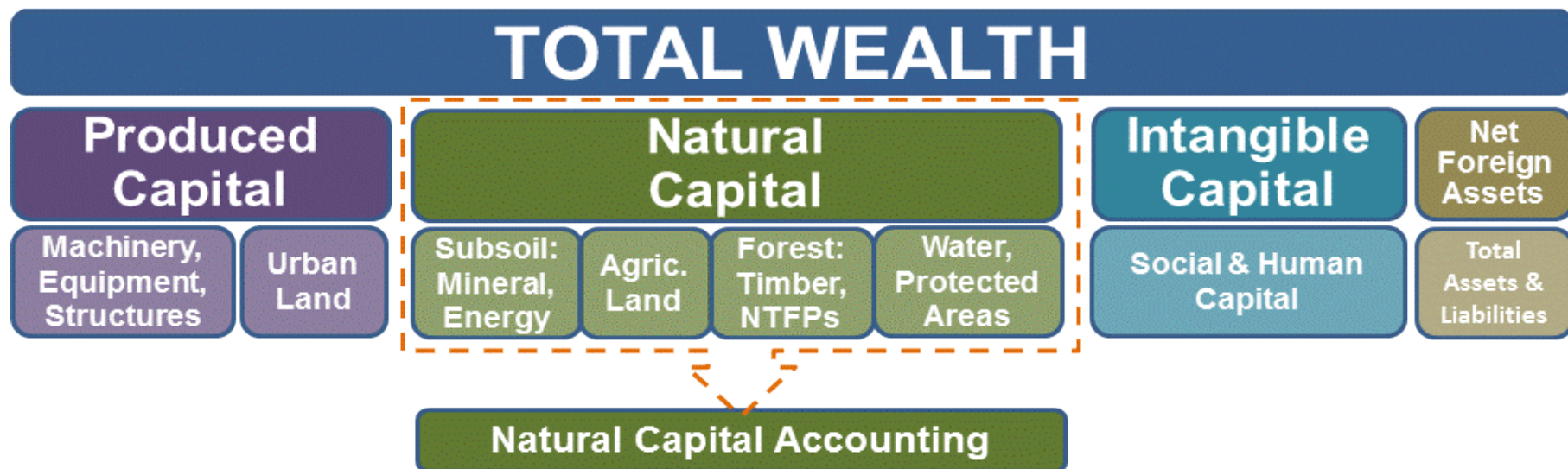
The source of income and well-being is **wealth**, broadly defined to include

- Tangible/Manufactured capital (land, physical equipment infrastructure, Natural capital, 'Intangible' capital (human capital and social capital)

# Wealth Accounting and Natural Capital

## How does Natural Capital fit into overall wealth?

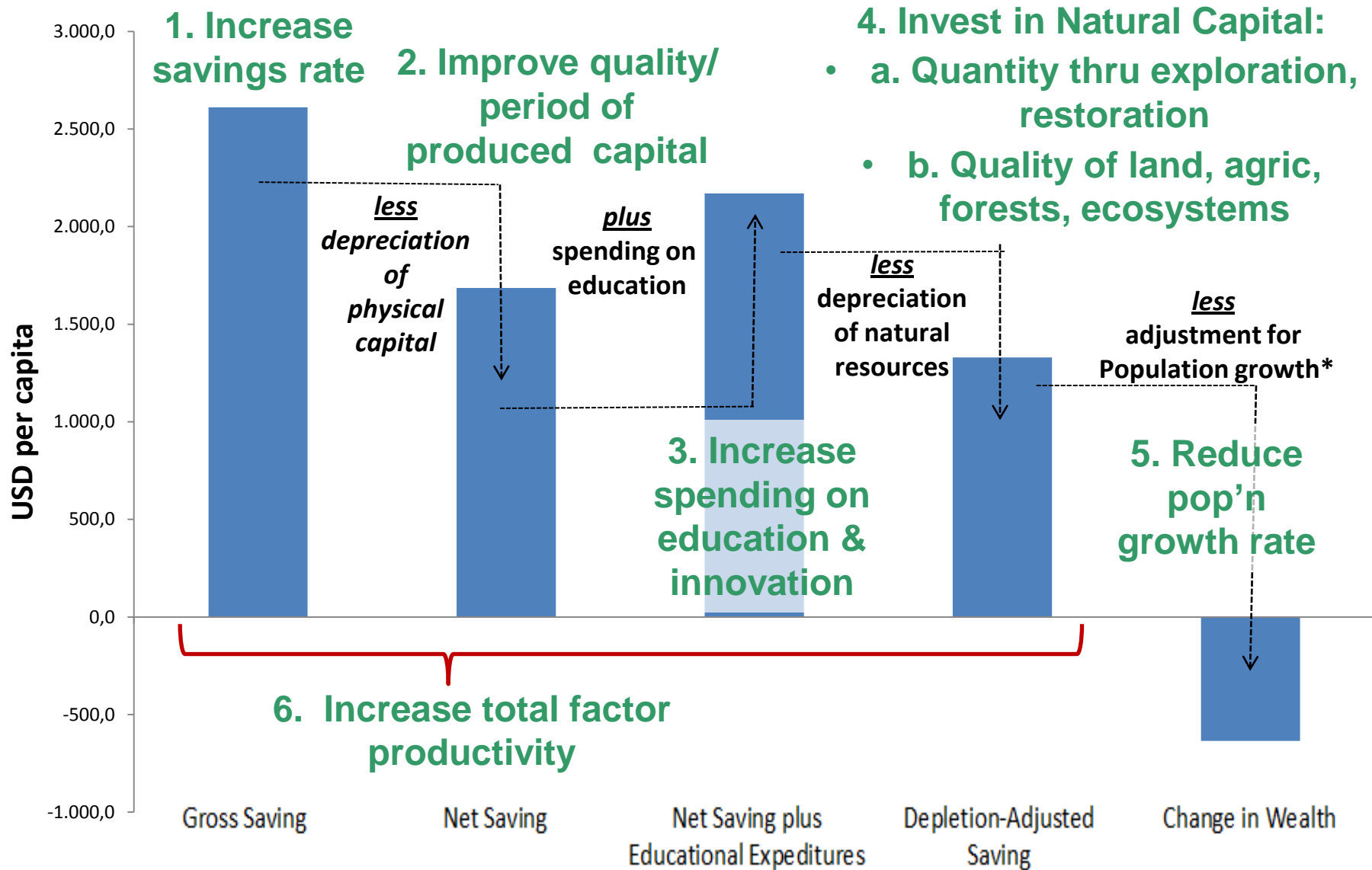
- Natural Capital Accounting focuses on the part of total wealth that comes from mineral, energy, agricultural, soil, timber, and water assets



## How do we do it, using what tools?

- The UN Statistical Commission approved “System of Environmental and Economic Accounts (SEEA)”, comparable to SNA
- SEEA is a consistent, comprehensive system and guidelines for Wealth Accounting

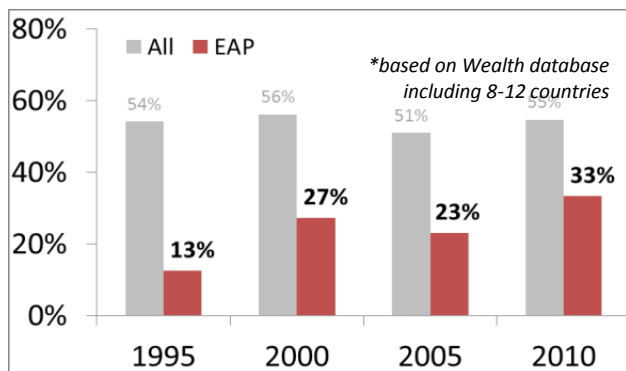
# Improving Sustainability: Policy Implications



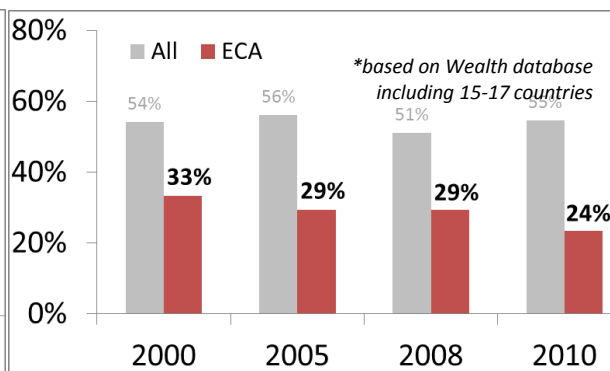
# Comparing Trends Across Different Regions

The share of countries with evidence of unsustainable economies – i.e., those that undermine their ability to sustain income and welfare in the future – is increasing (based on changes in wealth per capita measuring gross savings adjusted for changes in produced, human and natural capital and population growth)

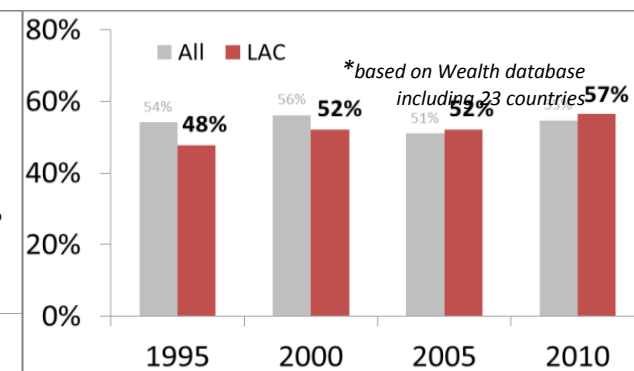
## East Asia & Pacific



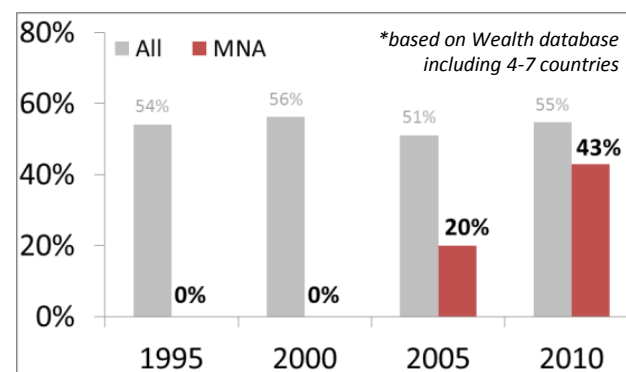
## Europe & Central Asia



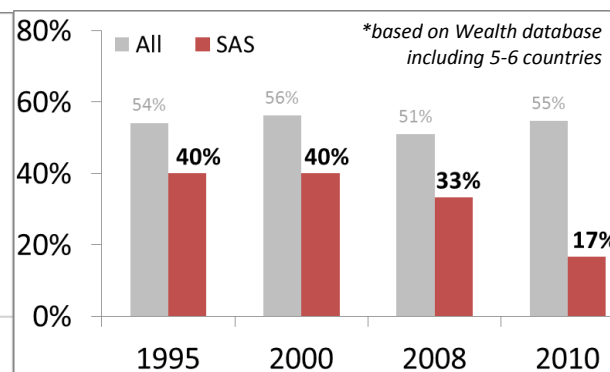
## Latin American & Caribbean



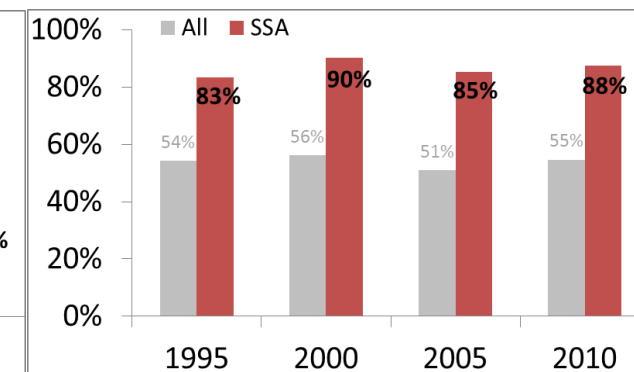
## Middle East & North Africa



## South Asia



## Sub-Saharan Africa



# 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

# What Do Policy-Makers Need from Water Accounts?

## Economic information to make decisions:

- **Allocation of water, water infrastructure among competing users:**
  - economic users and water productivity
  - ecological requirements
  - international requirements for shared water resources
- **Water pricing and economic instruments:**
  - Variation of water delivery costs/scarcity by region
  - Impact of water tariffs on different industries and different social groups, especially the poor
- **Managing water pollution:** sources, costs & benefits of reducing pollution
- **Coordinating policy in related sectors:** agriculture, rural development, tourism, etc.
- **Planning for future water requirements, water demand mgmt.**





# WAVES:

Promote Sustainable Development by mainstreaming natural capital in development planning and national economic accounts

## 3 Major Components of the WAVES Roadmap:

1. Directly support **policy-led implementation of NCA** in a critical mass of developing and developing countries in partnership
  - Institutionalizing NCA in countries not just pilot studies
  - Policy-driven, champion in Ministries of Planning/Development
2. Help develop internationally agreed **methodology for valuation** of ecosystem services and gather **evidence for policy applications**
3. Promote NCA through a **global campaign**—working with partners in developed countries, UN agencies, NGOs, private sector and others.



# Thank you!

[www.wavespartnership.org](http://www.wavespartnership.org)

