

# Insights and Lessons Drawn from the Existing Work

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# Natural capital accounting at the national level: from WAVES to the GPS Program

Raffaello Cervigni – May 2019



### **Outline**

#### 1. Global level work

- Analytics: the Changing Wealth of Nation (CWON) 2018
- Outreach and knowledge sharing

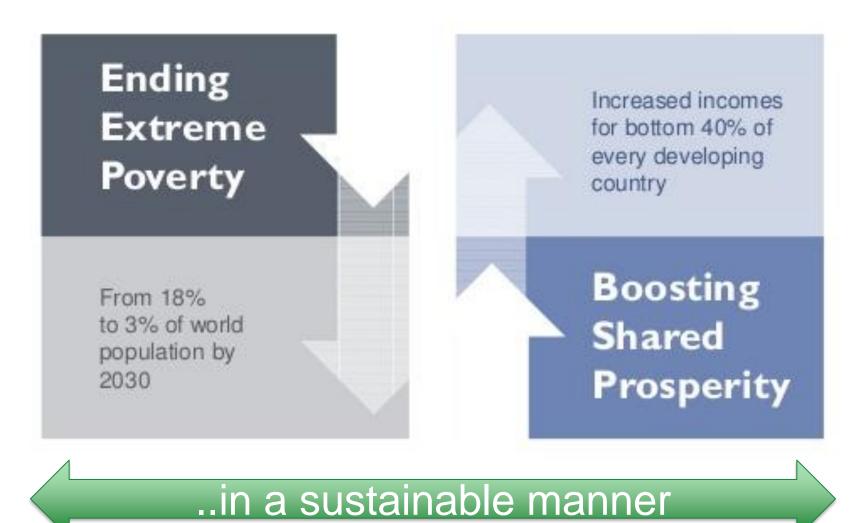
#### 2. Country level work

- Scaling up accounts development
- Making progress towards application

#### 3. Way forward

- Lessons Learned
- The Global Program for Sustainability (GPS)

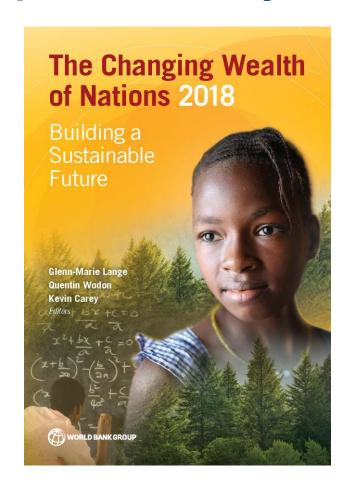
## **Context: the World Bank goals**

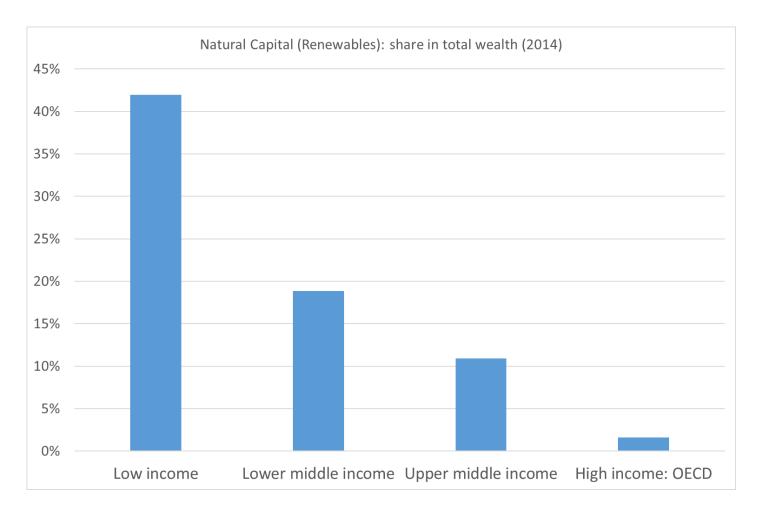


## 1. Global Work



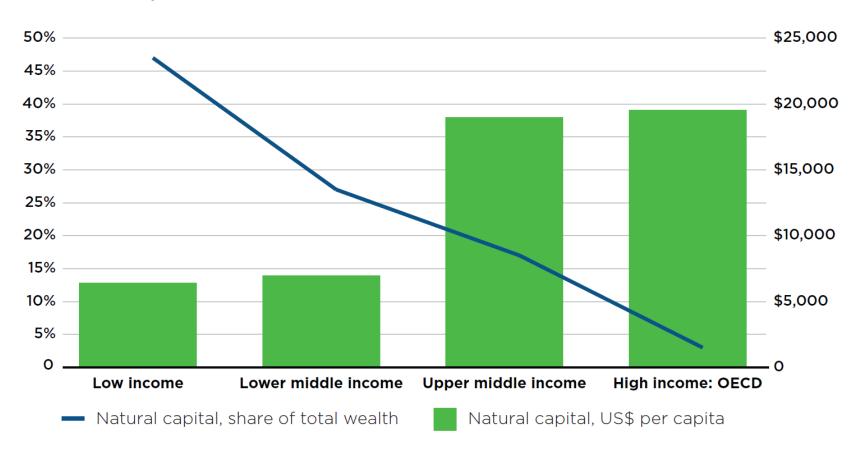
## Quantifying the role of natural capital in the development process: a key asset for lower income countries...





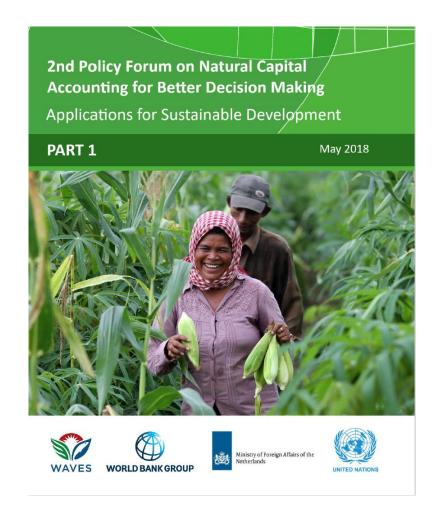
## ..growing in per capita terms as countries develop

Share vs Per Capita Value (US\$) in 2014



## Supporting consultation, knowledge sharing and standard setting (including revision of SEEA)

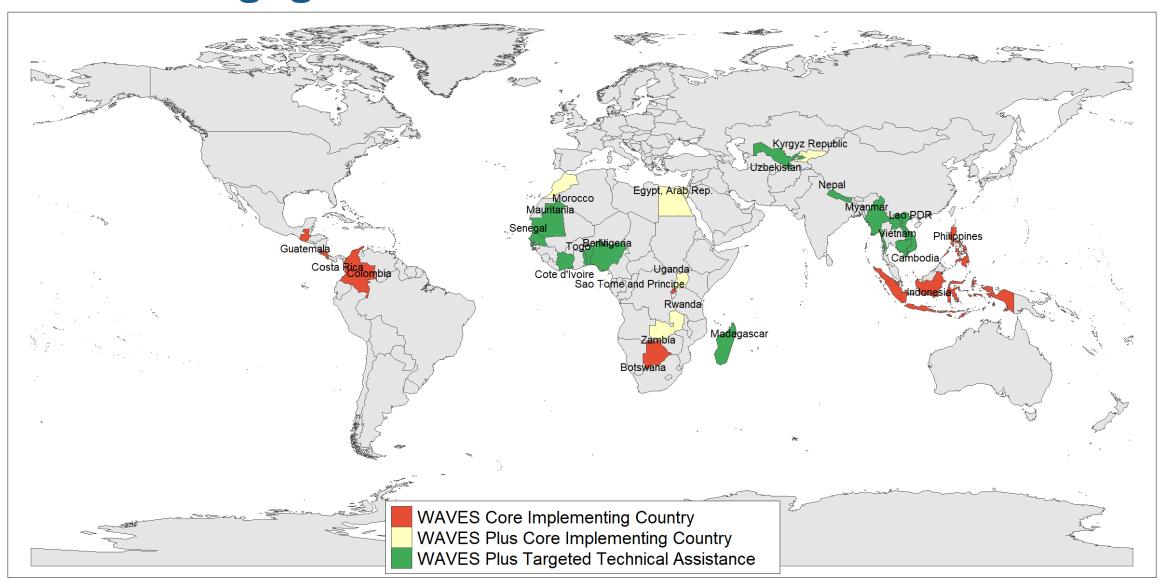




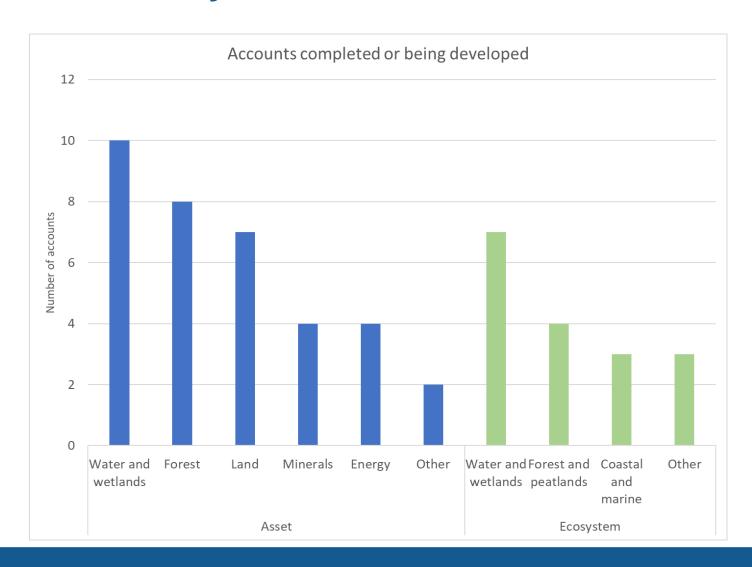
## 2. Country level engagement



## **WAVES** engaged in 26 countries



## Over 50 accounts produced following SEEA: more assets but growing interest in ecosystem services



## Supporting the use of NCA in the policy making processes: a few examples

#### Rwanda

- Land use and land cover account are being used for land use planning (Land Administration Information System LAIS)
- Water accounts are helping evaluate water use efficiency across sectors

#### Indonesia

- Use of wealth accounts as inputs for macro-modeling of carrying capacity and green growth
- The use of peatland accounts is being discussed for defining priority for restoration efforts

#### Zambia

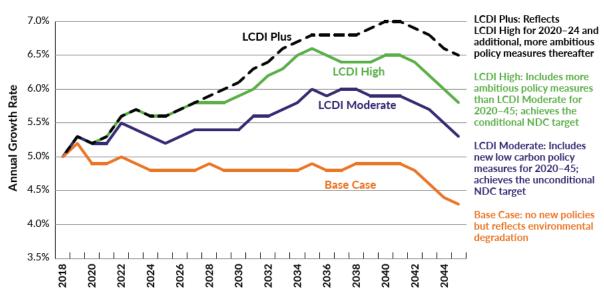
- Forest accounts: inputs for the World Bank's programmatic forest landscape investment
- Water accounts: will support the implementation of the Integrated Water Resource Management System

#### Guatemala

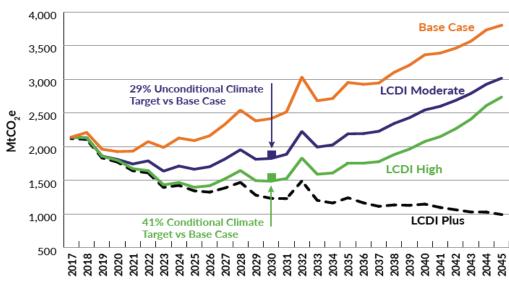
Land and ecosystem accounts used as input to the analysis of the effects of climate change on forests

## Indonesia: NCA is supporting assessment of low carbon development

#### **GDP Growth Trajectories**



#### **CO2 Emissions Trajectories**



### Institutionalizing NCA: graduated countries show the way

#### Botswana

- Specific NCA mandate in National Development Plan
- Lead agency: Ministry of Finance and Economic Development; dedicated unit of 13 staff
- Regular update of accounts started with WAVES (e.g. Water, Energy, Minerals, Macro-economic indicators)

#### **Costa Rica**

- National Council for Environmental Accounts established; Central Bank (BCCR) leads
- Regular update of water, forest and energy accounts; material flow and selected ecosystem accounts forthcoming

#### Colombia

- Government decree in 2017 requires the Statistics Department (DANE) to work with all sectors to produce/ update accounts
- Regular update of Wood and land resources, minerals/ energy; and flow accounts (e.g. water, forests products

## 3. Way forward



#### Institutionalizing NCA: it takes both demand and supply

#### High

- · Trust in NCA data established or emerging
- Experience in using NCA through (pilots or regular applications)
- Incentives for use of NCA in project/ program/ policy coming from rules regulations

Demand for use of NCA in decision making

#### Low

- · No or limited experience in using NCA
- · No or limited trust in NCA
- Rules/ regulations requiring use of NCA for project/ program/ policy design are missing or not enforced

#### B. Experimenters

(Limited supply, but growing demand for NCA applications)

#### D. Full integration

(the ideal situation: high demand for policy use of NCA, high capacity to meet that demand)

A. Beginners (low demand, low supply)

C. Ready to make a difference (Solid supply of accounts, limited demand for their use)

#### Low

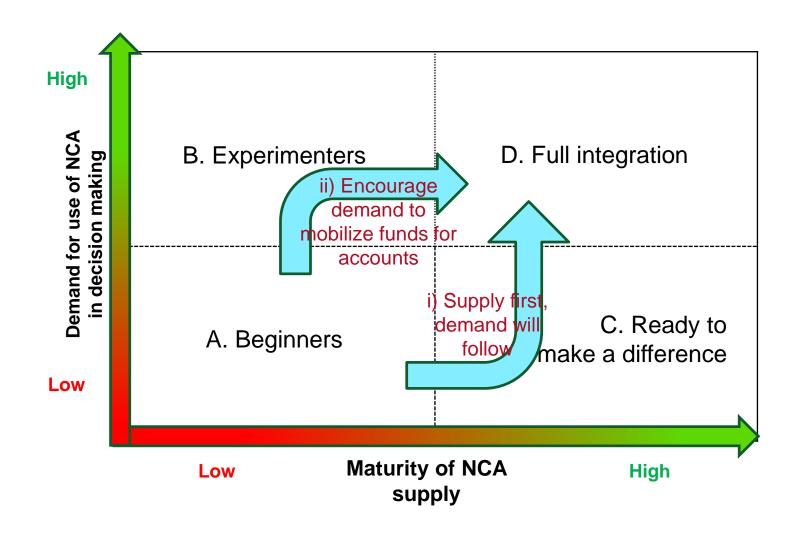
- · No or few NCA accounts
- No or unclear institutional responsibilities for producing accounts
- No or limited human/ financial resources allocated to the production/ maintenance of accounts

## Maturity of NCA supply

#### High

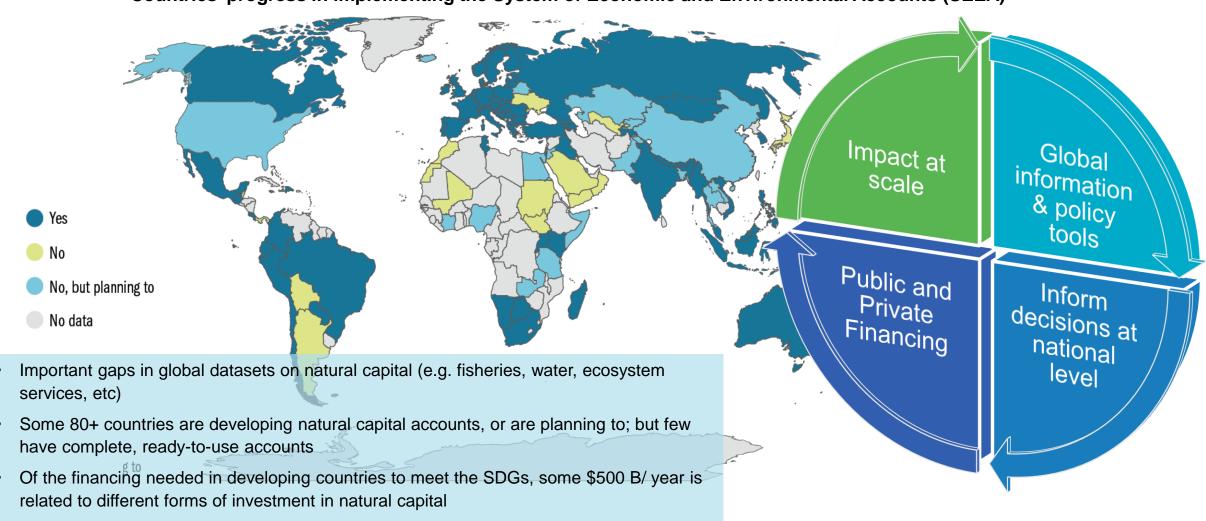
- Several NCA accounts produced
- Clear institutional responsibilities for producing accounts
- Adequate human/ financial resources allocated to the production/ maintenance of accounts

#### Different paths to achieve institutionalization



## Momentum for NCA, but further efforts needed to deliver impacts at scale

Countries' progress in implementing the System of Economic and Environmental Accounts (SEEA)

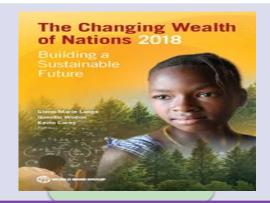


## Global Program for Sustainability: Objective



Promote the use of quality data on natural capital and ecosystem services to inform governments', private sector's and World Bank's decisions

### The pillars of GPS



### Window 1: Global Information

Objective: Develop information base and tools to inform policy & investment decisions (including those made by WB)

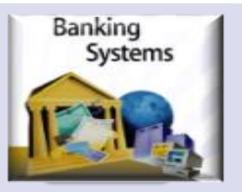
- a. Improve measurement & availability of NCA data at global level, including ecosystem services
- b. Develop analytical tools (ESF, CBA, M&E, Policy drivers)
- c. Global knowledge: CWON 2020



## Window 2: Country Implementation

Objective: Build countries' capacity to produce and use natural capital accounting for policy, planning and M/E

- a. TA to institutionalize NCA at national and/or project level (ESF, M&E, CBA)
- b. Targeted TA for policy & program design & implementation
- c. Regional Cooperation & Community of Practices



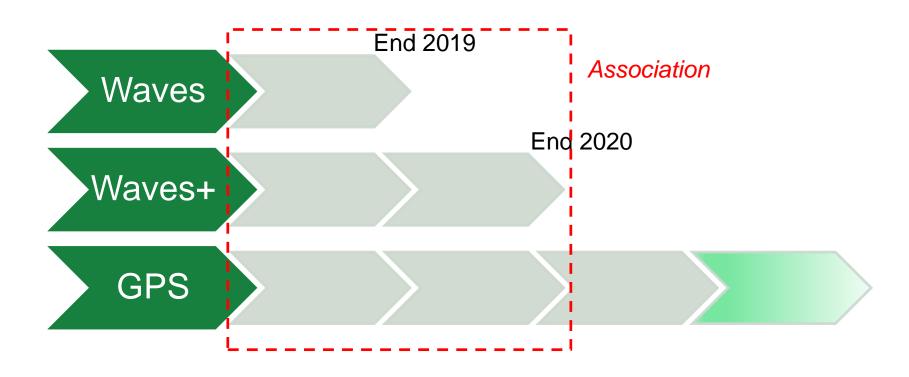
#### Window 3 - Incentives

Objective: Integrate sustainability in the functioning of financial markets

- a. Improved sustainability information for financial markets
- b. Environment & Financial Sector Stability
- c. Support Green Finance Development

Program Management and Administration

## GPS is already open for business...



**WAVES+** donors







GPS donor



### ...and ready to deliver in the next 18 months

Pillar 1. **Information** 



Pillar 2. **Implementation** 

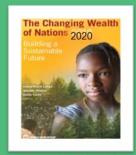


Pillar 3. **Incentives** 





Road to China – informing the new biodiversity targets to succeed Aichi



.. Changing wealth of nations 2020



Targeted Technical Assistance to specific projects and policies in 8-10 countries



Uganda Natural Capital Week



Pilot FSAP Green Sustainable Finance Technical Note



Pilot Environment and Social Governance (ESG) Portal

## **Make Sustainability Count**

## **THANK YOU!**

## **ANNEX SLIDES**



# Context: sustainability recognized as key aspect of economic development ...

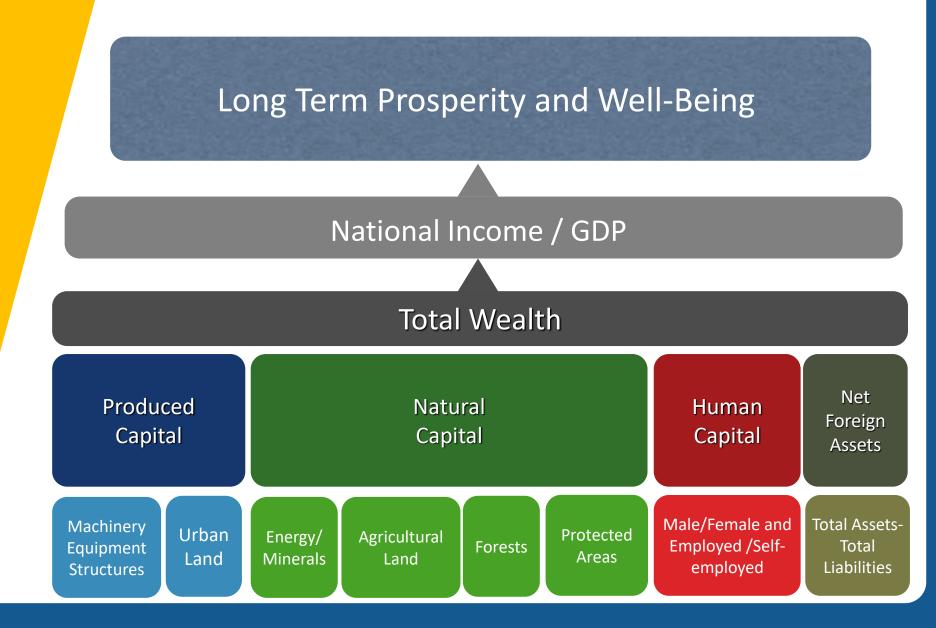






The World Bank has developed wealth as an indicator of sustainability for two decades

The new book tracks wealth in 141 countries, from 1995 to 2014



## A crowded space: how pillar 3 will add value



#### **External Partners**













#### World Bank can act as

#### Technical partner

- Curator of unique datasets on sustainability (wealth of nations, adjusted net savings, poverty and environment)
- Combines in a single institutions all relevant skills (environment, finance, public economics)

#### Initiator

- Piloting innovative approaches
- Technical Assistance; Governance standards

#### **Catalyst**

- risk-sharing financial instruments
- · strengthening institutional capacity

#### **Facilitator**

multi-stakeholder alliances