



Wealth Accounting and Valuation of Ecosystem Services (WAVES)



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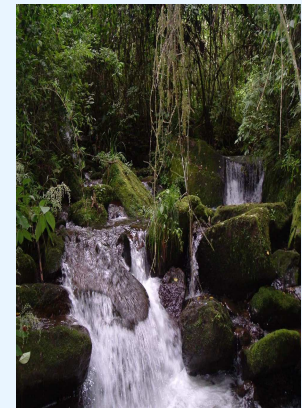
Deteriorating Ecosystems Due to Failures in Valuing their Services

- Ecosystems are especially important for **developing countries**, where the **livelihoods** of many people **depend directly** on healthy ecosystems
 - Considerable **progress has been** made in the measurement and valuation of ecosystem services
 - A large number of case studies and demonstration projects have been carried out
 - Widely accepted in the environment community
- **Challenge:** How to convince **Ministries of finance, planning agencies** that they have a stake in sustainable management of ecosystems
- **Solution:** ‘**greening**’ national income **accounts**, which are widely used for assessment of macroeconomic performance and decision-making



Greening National Income Accounts

- **System of Environmental and Economic Accounting**
 - System of satellite accounts for the environment
 - Asset accounts for stocks of natural capital and detail statistics for the annual supply and use of material, energy and water, and emission of pollutants
- Accounts for marketed resources such as minerals have advanced while accounts for **non-marketed** ecosystem services are **underdeveloped**
- **Ecosystem accounting** identifies and makes explicit the value of regulating services



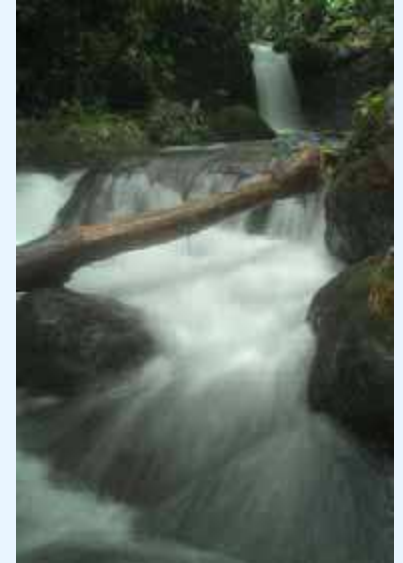
Global Partnership on Wealth Accounting and Valuation of Ecosystem Services

- The idea emerged from the Bank's **Environment Strategy consultations** and builds on the Bank's **work on Wealth Accounting, TEEB, SEEA, and work of many countries**
- What we will do:
 - Establish broad-based partnership to **value ecosystems services** in terms of income and asset value at national and sub-national scale
 - Incorporate **natural wealth accounting** in policy and sectoral development planning
 - Develop **standardized guidelines** for the practical implementation of natural capital accounting
 - Quantifying income from natural capital
 - Quantifying asset value of natural capital



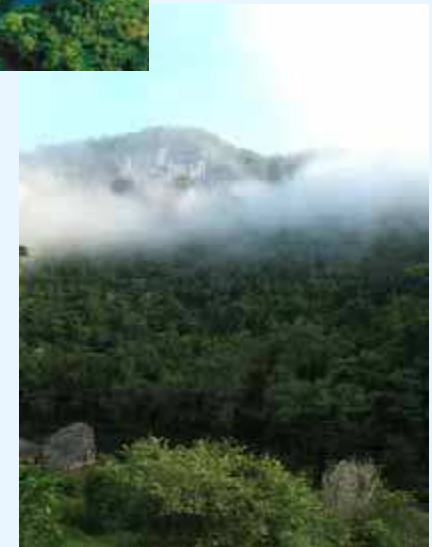
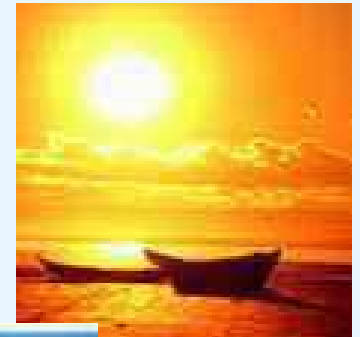
Partners

- Both developing and developed countries
- UNEP
- NGOs, GLOBE International
- The project builds on related initiatives, like
 - TEEB
 - Poverty-Environment Initiative
 - UK National Ecosystem Assessment
 - The Natural Capital Project



Targeted Outcomes

- Ecosystem services **mainstreamed** in policy analysis and decision-making
 - Values for ecosystem services incorporated in the national accounting framework
 - Demonstrated through analytical work in pilot countries
- **Strengthened capacity** in
 - Developing countries' ministries of finance, planning and other agencies
 - The World Bank, other multilateral development banks and international agencies

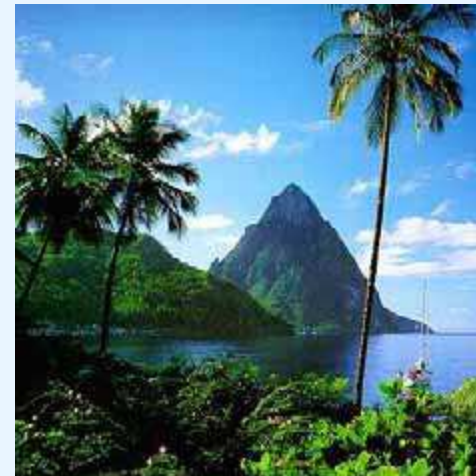


Milestones

October 2010: Launch the Partnership at the Biodiversity COP in Nagoya, Japan

2012: Based on the initial results of the Partnership, propose an international program of action on Ecosystem Valuation and Accounting at the 'Rio+20' Earth Summit, the 2012 UN Conference on Sustainable Development

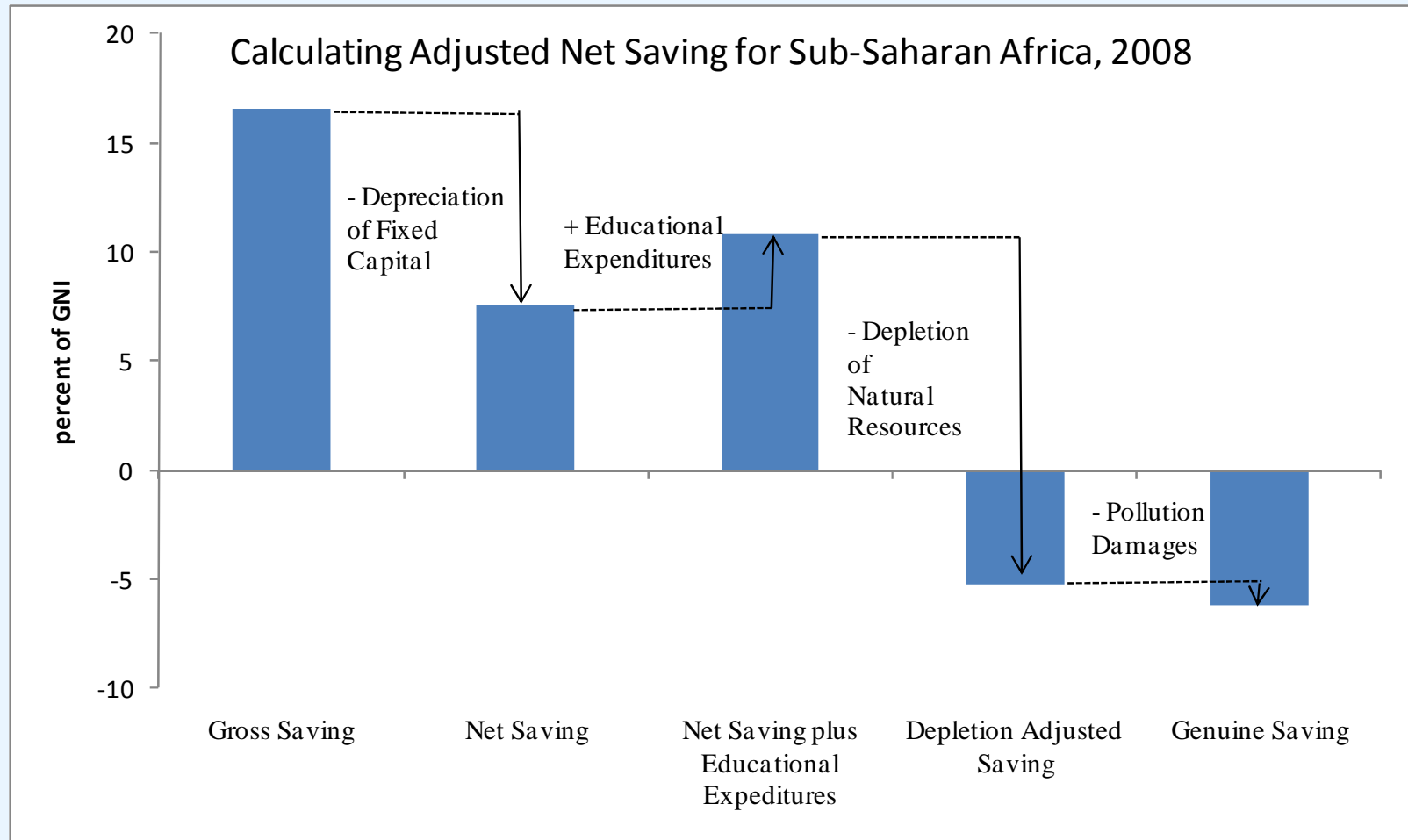
2015: Disseminate the Final Results and Recommendations on a way forward for an Environmental Sustainability Goal at the 2015 Millennium Development Goals Summit



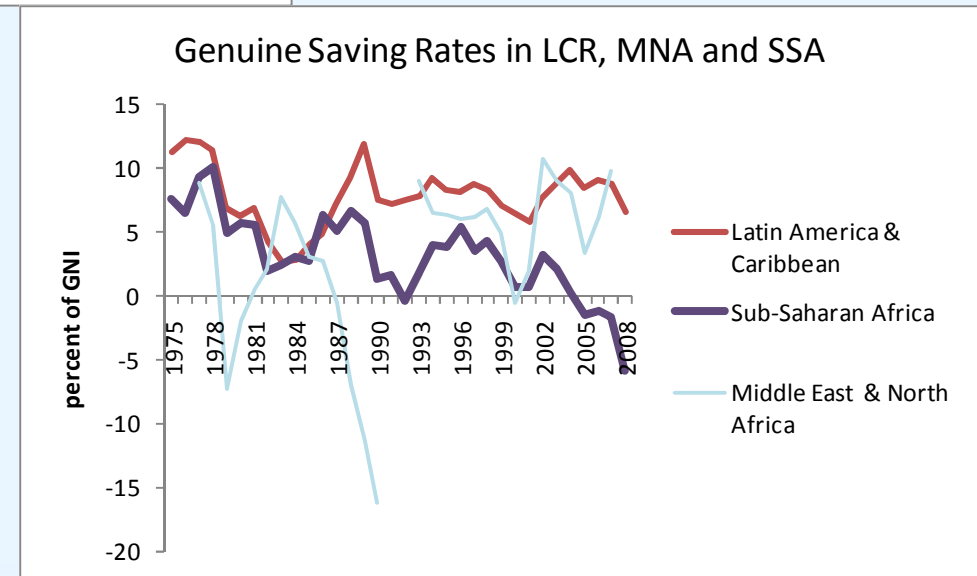
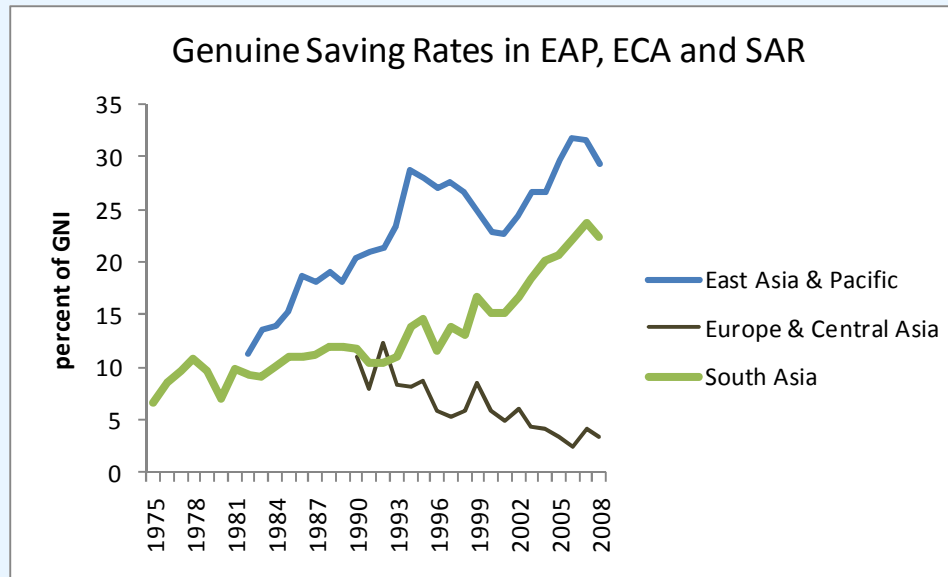
How will WAVES contribute to poverty reduction? (I)

- Sustainable growth is critical to poverty reduction
- Green National Accounts provide indicators of sustainability such as Adjusted Net Savings (ANS)
 - ANS measures whether a country is building its wealth or running it down
- While GDP indicates whether an economy is growing; ANS indicates whether it is growing sustainable

Extending our measures of wealth creation



Long-run trends in genuine savings



How will WAVES contribute to poverty reduction? (II)

- Valuation of ecosystem services will enable better management of ecosystems
 - Natural resources are an important asset for the poor
 - Improving the productivity of natural assets can lead to poverty reduction by allowing poor to accumulate assets of their own if economic activities based on natural resources are not “employment of the last resort”
- Ecosystem accounting will also enable the measurement of who benefits and who bears the costs of ecosystem changes
 - Essential for careful policy design so that the poor (who lack complementary private assets) also benefit from improved productivity



Thank you

