



The WAVES initiative: Incorporating the physical and economic values of natural capital in decision-making

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WAVES

Wealth Accounting and the Valuation of Ecosystem Services
www.wavespartnership.org



WORLD BANK GROUP

WAVES Objectives

WAVES is a global partnership that aims to mainstream Natural Capital in development planning and national economic accounts in support of sustainable development.

WAVES aims to:

- 1) Help countries adopt and implement accounts that are relevant for policies and compile a body of experience;
- 2) Develop ecosystem accounting methodologies;
- 3) Establish a global platform for training and knowledge sharing; and
- 4) Build international consensus around NCA



WAVES Partnership

- Core implementing countries
- Contributing Donor Partners
- Participating Partners



The story so far

2010

WAVES was launched at the Convention on Biological Diversity meeting in Nagoya, Japan with Colombia and the Philippines as core implementing countries. Botswana, Costa Rica and Madagascar joined a year later.

2011

Fundraising began and funding through the MDTF became available for country implementation in December 2012.

2012

Following from the Gaborone Declaration, World Bank launched the 50:50 NCA initiative for Rio+20. Sixty countries (now 70) supported a communiqué that called on governments, private sector, and other international organizations to endorse implementation of NCA.



The story so far

2013

At the World Bank-IMF Spring Meetings, more than 35 ministers, vice-ministers and senior officials of finance, development and environment ministries came together for a *High-level Ministerial Dialogue on NCA to reaffirm their commitment.*

2014

To respond to the growing demand, an expansion strategy was approved by the WAVES Steering Committee. Guatemala, Indonesia and Rwanda joined WAVES as the next 3 core implementing countries

2015

To accommodate new countries, the end date for the *Partnership was extended by donors to December 2019.*

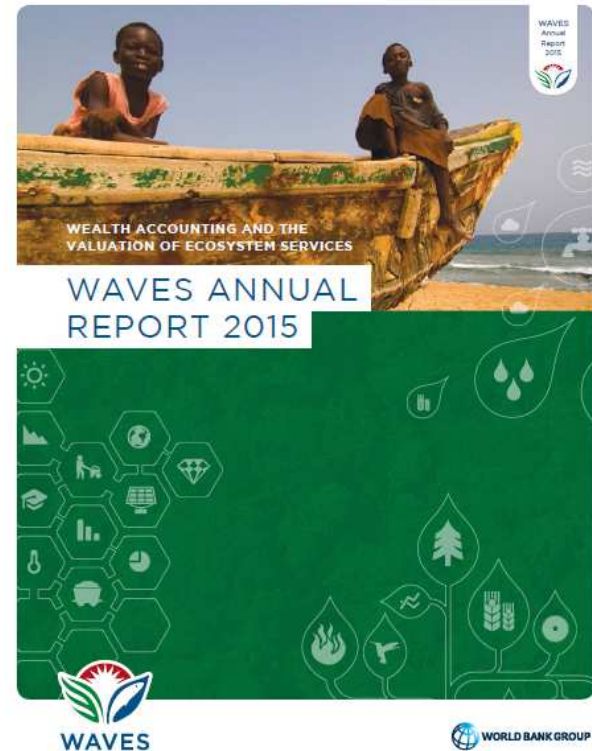
Discussion of a re-positioned WAVES Partnership.



Results – The policy lens

Ownership and institutionalization:

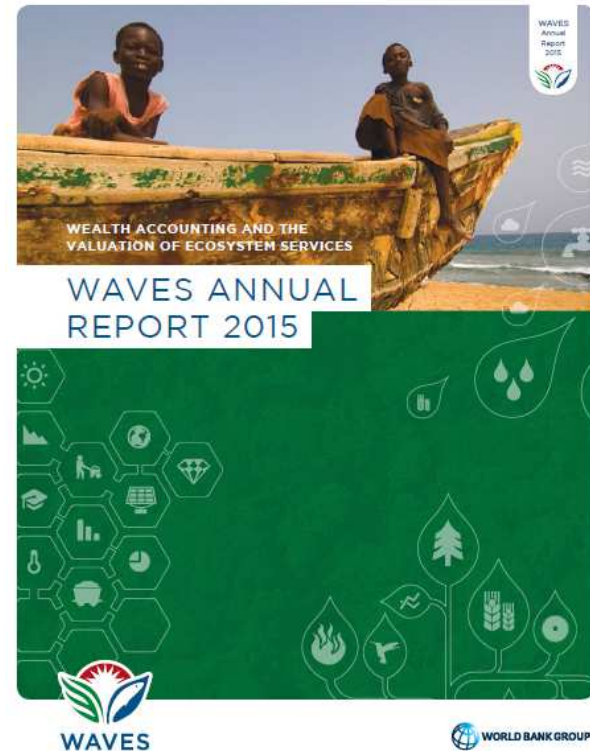
- Work guided by a high-level National Steering Committee chaired by a Ministry of Finance or Development Planning.
- In the first 5 WAVES countries, governments have set up dedicated units in key agencies with staff committed to implement NCA.
- The countries are now in the process of developing a long-term NCA roadmap beyond WAVES.



Results – The policy lens

NCA influencing national strategies:

- NCA is included in the National Development Plans or National strategies in Botswana, Colombia, Indonesia, Madagascar, and the Philippines.
- Botswana has constructed comprehensive wealth accounts as an indicator to track economic sustainability while Guatemala, Indonesia, Madagascar, Philippines are planning to do so.



Results – The policy lens



Wealth Accounting *and the* Valuation of Ecosystem Services

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Natural Capital Accounting in Action



Australia's pilot ecosystem accounts
 How do you manage an area as vast and complex as the Great Barrier Reef? Or any other landscape subject to different human pressures over time? The application of natural capital accounting and valuation methods to ecosystems and protected areas, currently being piloted in Australia, offers a useful framework to do this. It could provide systematic data, comparable over time, to improve the quality of decisions by protected area managers and political decision makers alike, in challenging development and climate change contexts.

In brief

- Australia is piloting SEEA Experimental Ecosystems Accounts for the Great Barrier Reef and its watersheds.
- Given that 1 million people live in the reef's watershed, and that the Great Barrier Reef Marine Park is about the size of Italy, it is important to determine accounting boundaries carefully and select indicators that matter most.
- The challenge of extreme weather coupled to climate change drive extra stresses for riparian management based on data generated systematically in ecosystem accounts.

Ecosystem accounts allow a more targeted management response can quantify and provide as much as possible on what is happening, its impacts and benefits for

Assessing reef health, pressures and prospects

The reef has been the subject of a comprehensive strategic assessment and the Australian states and federal agencies are finalizing a plan to guide its management over the next 25 years. In addition, the Great Barrier Reef Marine Park

Natural Capital Accounting in Action

Sweden's carbon accounting informs its carbon tax policy

As Swedish policymakers put together a climate bill, they relied on economic models to pinpoint policies that would reduce greenhouse gas emissions while minimizing costs to GDP, employment and growth. At the heart of this analysis was Sweden's sector-by-sector accounting of CO₂ emissions and energy use, in parallel with standard economic accounts. The emissions and energy accounts enabled detailed modeling of alternative proposals, which led to a finely-tuned policy package with significant cost savings.

In brief

- Sweden has been compiling CO₂ emissions accounts for all sectors since 1993. It was one of the first countries to adopt the System of Environmental-Economic Accounting (SEEA).
- The accounts are categorized by economic activity, helping researchers to monitor the emissions and energy use of different sectors and to track the impact of policy changes.
- The accounts are also used to calculate the carbon footprint of Sweden's exports and imports.

Barrier Reef

Macroeconomic decision making

Informing cross-sectoral and global agendas

Sectoral policy analysis

Influencing policy processes

A tool for change in policy dialogue



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Some key messages

1. **Lessons learned from WAVES can inform the future implementation programs in the developing world,**
2. **Mainstreaming environmental accounting requires country work in building and using accounts in a boundless cycle,**
3. **WB value added is the capacity of supporting implementation in countries providing support in all aspects of the cycle,**
4. **But this is not possible without enhanced collaboration**



Continued collaboration with the LG

Key forum for WAVES to:

- **Learn from others, share experiences and contribute to the technical debates**
- **Provide opportunities for people to have input into WAVES processes and development of accounts in WAVES and non-WAVES countries**
- **We hope to continue working together. In this meeting 3 relevant aspects are considered...**



1. Bridging policy and accounts

[Session 4a, 28]

Linking policy and natural capital accounting

Michael Vardon

[Session 4a, 29]

Forest Accounting Sourcebook

Juan Pablo Castaneda



2. Working with partners to develop methodologies in areas of strong policy demand

[Session 4b, 31]

Reconciling environmental values with valuation procedures in the SNA

Giles Atkinson

[Session 4b, 32]

Accounting for biodiversity

Michael Vardon



3. Country work on ecosystem accounts

[Session 4c, 36]

Ecosystem accounts in Guatemala

Jose Miguel Barrios

[Session 4c, 38]

Ecosystem accounts in The Philippines

Lars Hein



The way forward – For discussion

- 1) **Fast track implementation**
- 2) **Streamlined macro-indicators**
- 3) **Strategic/Structured learning**
- 4) **Link to WB operations provides immediate use of the accounts**
- 5) **Specific policy questions (as opposed to more general issues) to be selected up front**
- 6) **Increased focus on south-south knowledge exchange**



MAKING WAVES

If you are interested in sharing your experience in natural capital accounting, or in learning more about how to implement it, we would love to hear from you. Please contact waves@worldbank.org

Find out more about WAVES at www.wavespartnership.org

Available in Spanish at www.wavespartnership.org/esp

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