



Capacity Building for the WAVES Global Partnership

**Note prepared for the 22nd Meeting of the
London Group on Environmental Accounting
Oslo, Norway, 28-30 September, 2016**

Work undertaken within the World Bank led
Wealth Accounting and Valuation of Ecosystem Services (WAVES) Global Partnership¹
23 September, 2016

Michael Vardon

Fenner School of Environment and Society, Australian National University

Juan-Pablo Castaneda, Stig Johansson

World Bank

Background

The World Bank Wealth Accounting and the Valuation of Ecosystem Services (WAVES) Global Partnership is a multi-donor trust fund supported by the EU, Denmark, France, Germany, Japan, the Netherlands, Norway, Switzerland, and the United Kingdom. The overall objective of the Global Partnership is to promote sustainable development by incorporating the physical and monetary values of natural capital into decision-making processes. More specifically WAVES is designed to:

- (1) Implement NCA at national and subnational levels in partner developing and developed countries, based on the System of Environmental-Economic Accounting (SEEA);
- (2) Incorporate NCA in policy analysis and development planning in partner countries;
- (3) Develop methodology and guidelines for implementing ecosystem accounting for global implementation; and,
- (4) Promote the adoption of NCA beyond the WAVES partner countries.

¹ The authors of this note would like to thank the contributions of experts that participated in the implementation of the WAVES country programs. Further information on WAVES can be found in <http://www.wavespartnership.org/>. The views expressed in this document are those of the contributors and do not necessarily reflect the judgements of the World Bank.

When the WAVES Partnership was launched in 2010 and on-ground work began in late 2012, the SEEA was only recently adopted as a statistical standard and sustained efforts to implement Natural Capital Accounting (NCA) in low and middle incomes were relatively young. Now NCA is widely discussed among many governments, promoted by private sector agencies and non-government organization. In addition, the World Bank and others have greater experience in the operationalization of NCA in countries.

Taking these things into account, the next phase of WAVES, or WAVES+ as it has been termed, has been planned. This planning draws on a number of inputs including the key achievements and lessons identified via the WAVES Mid-term Review and a systematic assessment of development and use of accounts for the “First 5” Core Implementing Countries (Botswana, Colombia, Costa Rica, Madagascar and The Philippines). Overall, at the completion of the first phase of WAVES, the assessment identified the need for a more targeted, decision-driven, and fast-tracked implementation of SEEA and confirmed the importance of on-going hands-on technical support for countries.

Specific recommendations included:

- (1) Respond to an increasing country demand through a more selective and targeted country engagement based on an NCA readiness assessment;
- (2) Build more on regional and south-south collaboration and learning;
- (3) Integrate NCA into country engagement processes, such as country economic memoranda, Systematic Country Diagnostics (SCDs), and Country Partnership Frameworks (CPFs);
- (4) Mainstream WAVES/NCA in World Bank country lending operations;
- (5) Build on collaboration with strategic partners, similar to the arrangements with the Australian Bureau of Statistics (ABS), Statistics Netherlands (CBS), and Planbureau voor de Leefomgeving (PBL)
- (6) Demonstrate how NCA can support strategic decision-making on implementing SDGs, including on poverty eradication, climate change, equity and sustainable consumption, and production.

There are many lessons, large and small, to be gained from the experiences of the First 5 WAVES countries over the past five years. Some things have gone well in most countries, with key lessons learned emerging. Perhaps the greatest lessons are that:

- (1) The connection to policy and decision-making must be improved;
- (2) Account production needs to be accelerated and build on existing data and processes; and,
- (3) Stronger links are needed to the SNA.

Lessons on Capacity building

In all of the ‘First 5’ countries, the capacity to produce the accounts has increased substantially, and most expect to produce at least some of the accounts on their own, supported by an annual review of updated accounts by international experts. Ecosystem accounts are both more complex and newer—at present there is no internationally agreed methodology. As such, if this work is to continue, it will require continued engagement with national and international experts.

WAVES placed great emphasis on long-term, intensive, hands-on capacity building and professional development as the keys to country ownership and institutionalization. Some countries had greater prior experience with NCA (Botswana and the Philippines in the 1990s, Colombia since the 1990s and more recently in parallel to WAVES), but Madagascar and Costa Rica were relatively

new to NCA; both countries had small, one-off pilot studies in the 1990s, but no long-term engagement.

The importance of the United Nations Statistical Commission's 2012 adoption of the SEEA Central Framework as an international statistical standard cannot be understated. Countries can now be confident that what they are learning is part of an approved and internationally recognized methodology. However, because this is a new field with relatively few international experts, the technical capacity to assist countries, particularly in languages other than English, is limited and needs to be expanded.

There are few training courses, and these cover introductory or intermediate material, generally consisting of five-day courses focused on theory, rather than practical guidance. Furthermore, there are few international experts available to provide more advanced training and advice. In contrast, the training on SNA is extensive (for example, there are six-week International Monetary Fund course available) as well as a large pool of international experts available for in-country training and advice.

SEEA training material is available online, such as the WAVES Knowledge Platform (www.wavespartnership.org/knowledge-center) as well as the Searchable Archive (<http://unstats.un.org/unsd/envaccounting/ceea/archive/>) and introductory training course by the United Nations Statistics Division (UNSD). This training is a good start but needs to be complemented by on-the-job professional development dealing with a country's specific data issues.

Successful capacity-building models included the use of local consultants who provided day-to-day technical support, with occasional support and review from international consultants, or international consultants who were available on long-term assignment to provide a combination of in-country and long-distance technical support. These successful experiences demonstrate the need to identify more in-country experts and long-term consultants who can build capacity in countries in the short term, and in the mid-term examine options for using local educational institutions.

WAVES+

In the next phase of WAVES, or WAVES+, the overall objective remains the same: *to promote sustainable development by incorporating the physical and monetary values of natural capital in decision-making processes*. The main rationale is to help developing countries efficiently and sustainably manage their natural capital and provide a consistent framework for linking the contribution of natural assets to the economic frameworks of countries.

The implementation in WAVES+ has three specific objectives:

- (1) **To build a critical mass of developing countries implementing and using NCA for policy** by expanding the number of core implementing countries (CICs) with greater emphasis on evidence based decision-making and by providing targeted technical assistance to countries to leverage on World Bank operations to enhance the potential for policy impacts.
- (2) **To significantly strengthen regional capacity to understand and apply NCA to policy needs** as a means to meet the demand of a larger number of countries and sustain their efforts beyond WAVES, broadening the NCA constituency outside the core

implementing countries by enhancing cooperation and building a critical mass of practitioners and countries that use NCA for decision making.

- (3) **To promote the global adoption of policy-relevant NCA** through contributing to the development of methodology, particularly for ecosystem accounting, networking, communications, and collaboration between the WBG and outside partners in the public, business, and financial sectors.

Capacity building in WAVES+

Capacity building will occur a cross-cutting theme of WAVES+, at the country, regional and global levels. These are outlined in general below.

Country support

WAVES+ will continue the model of providing support to a selection of countries. This will continue to varying degrees in the existing eight core implementing countries and more countries will be added. Criteria for the selection of countries will be broadly similar to those used in the first phase with greater weight likely to be given to “NCA readiness”. That is, the existing of appropriate institutional arrangements and the existence of a base level of data and the regular production of national accounts.

Country support will have greater emphasis on policy in one or two specific sectors (e.g. forests, water or minerals) will be chosen for the rapid production of first versions of accounts. This will be achieved by providing technical support to government staff, including on-the-job training. National experts will be engaged to build national capacity, and training will be provided to a wider group of government staff and national experts, enabling them to construct these accounts on their own. Where available local institutions and consultants will be used.

A greater emphasis will be given to interpretation of the accounting tables and indicators, as well as the use of analytical tools to answer specific policy questions to inform ongoing policy dialogues or debates. This will be supported by regional activities that will build on existing programs (e.g. The Integrated Environment-Economic Modeling program recently initiated by the Inter-American Development Bank (IDB) in Latin America).

Regional engagement

WAVES aims to consolidate existing country work, link this to other programs supported by other development partners and work with countries’ own programs. The objective is to institutionalize NCA through existing regional platforms. Although a standard approach is envisioned for the regions, each has its own characteristics, demands, gaps and challenges, and thus there is a need for the regional program to be flexible to reflect this diversity.

The regional collaboration program will use existing regional institutions and networks to engage a broad range of stakeholders, including government officials responsible for policy decisions; technical professionals from government, academia, and NGOs; and civil society. Some of the countries that are more advanced in NCA could become regional leaders and provide training to other countries.

This component, and capacity building in general, will include an increased focus on south-south knowledge exchange. This component will help countries in Latin America and the Caribbean (LAC), East Asia and the Pacific (EAP), Africa (AFR) and perhaps Eastern Europe and Central

Asia (ECA) understand and apply natural capital accounts to policy needs. Key to the successful development of regional collaboration will be engagement with regional partner organizations and networks (such as UN regional commissions, regional centers such as the EfD centers, and others), as well as WAVES' strategic international partners (UNEP, UNDP, UNSD, etc.).

Regional collaboration will provide peer learning opportunities to exchange experiences and report back on results, knowledge management, and facilitation of a wide range of training services (webinars and other e-based learning, workshops, and training materials). Regional workshops will be a part of this and will bring countries together to share their experience on NCA. There have already proved successful, for example:

- (1) Philippines Global Knowledge Exchange on Ecosystems and their Valuation February 2015, World Bank
- (2) Turkey Regional Workshop on Natural Capital Accounting March 2015, World Bank and Turkish Ministry of Development
- (3) Colombia Latin America and Caribbean Regional Workshop on Environmental Accounting for Policy Analysis March 2016, ECLAC, GIZ and World Bank
- (4) Kenya Natural Capital Workshop June 2016, Conservation International, Gaborone World Bank/GDSA workshop in Kenya are two examples.

As more countries gain experience, a structured regional cooperation component will help to engage a broader set of countries and develop the pool of regional expertise. The regional collaboration program will use existing regional institutions and networks to engage a broad range of stakeholders, including government officials responsible for policy decisions; technical professionals from government, academia, and NGOs; and civil society. Some of the countries that are more advanced in NCA could become regional leaders and provide training to other countries. Based on previous experience and the scoping report on potential means of regional engagement in Latin American, this work will be organized in two subcomponents: (1) knowledge sharing and capacity building and (2) targeted Technical assistance.

The knowledge sharing and capacity building subcomponent will strengthen the existing WAVES Knowledge Center by increasing its repository of scientific publications, technical reports, newsletters and other communications related to NCA particularly in languages other than English.. This subcomponent will also develop face-to-face courses focusing on implementation and use of accounts, with links to toolkits, thematic training (forest accounts, water accounts, and encourage collaboration by organizing meetings, based around regional initiatives, thematic working groups or regionally relevant issues.

Global program

WAVES+ is working to tie NCA closely to policy issues and decision making. Strategic communication is key to changing the awareness, understanding, and knowledge of NCA's potential among government decision makers and professional and technical staff. While it has been a strong focus of the program so far, a more strategic and targeted approach is needed to align communications with the new, expanded focus of WAVES+.

For capacity building the global component will focus on policy and communication. Working with partners, WAVES will build knowledge on how accounts are being used in countries that have produced and used accounts for some time, through which channels this takes place, and what the institutional set-up has been. This will translate into notes on best practice and a process for WAVES countries to identify how NCA can best be implemented in their country. We aim to

identify partners (for example, universities, institutes, and agencies working with economic and environmental policy analysis) to develop training and support capacity building in partner countries as well as regional engagement. National experts will be engaged when possible.

WAVES will continue to compile examples of policy uses of accounts and different types of analyses using accounts. This material and experience will be synthesized into a range of materials that can be used by countries and others for: (1) better engagement with government decision-makers, and, (2) increased used in policy tools and advanced analytical techniques. Collaboration with partners will be crucial, and a group of interested countries has already been identified. There has also been a wealth of work undertaken within the Bank, and by organizations like the International Food Policy Research Institute (IFPRI), using environmental-economic models and indicators, that will be explored. The research community is another important partner.

Specific activities will include

- (1) Workshops bringing different actors together. The first is the Forum on Natural Capital accounting for Better Decision-making (The Hague, 22-23 November 2016). This brings together advanced account-producing countries where some kind of review of uses has occurred (for example, Australia, the Netherlands, Sweden, and the United Kingdom) with WAVES partner countries.
- (2) Building the library of case studies with analyses using accounts including examples on where accounts have informed policy
- (3) Developing information materials outlining types of uses: indicators, models, other tools, with links to examples on actual analyses;
- (4) Developing knowledge about successful institutional set-ups and processes by which the accounts have been used;
- (5) Developing processes for identifying and designing institutional mechanisms to be included in partner country work.

Conclusion

WAVES+ is set to extend the original Partnership to engage more countries, emphasizing policy applications, fast-tracking production and supporting greater south-south learning.

The first phase of WAVES provided a proof of concept. It is possible to implement NCA in low and middle income countries. The second phase will build on the growing momentum for NCA and will continue to expand the number of partner countries to make NCA a “game-changer.” It is important to note that WAVES+ will work in a different environment than when WAVES started in 2012. The SEEA was only recently adapted and long-term support for countries to develop programs of NCA was novel and untested at a global scale. Now there are many initiatives by international organizations (UNSD, UNDP, UNEP, and others) as well as country donors (GIZ) that have now adopted the NCA framework. WAVES+ needs to build more effectively on the range of partners and institutions that already exist, instead of focusing on starting new ones.

In the original WAVES most capacity building activity and other support was on the production of accounts. In WAVES+ the effort will be on embedding the account production within government, extending further the work on the application of accounts to policy and decision-making tools as well as building to expertise at national, regional and global levels in the production and use of accounts.