Background

• CWON 2021 is the fourth report in the series

• Theme: “Managing Assets for the Future”

• It is the first report to focus on:
  • The future wealth of nations
  • Climate risks and global decarbonization
  • How policy choices shape wealth
Looking ‘Beyond GDP’

- Updated and extended global database: 146 countries, 1995-2018

- SNA and SEEA based comprehensive wealth accounting methodology

- Track stock of wealth and assets over time

- GDP is *sustainable* only if asset base is not shrinking

- Changes in wealth per capita measures how the asset base changes
Comprehensive wealth covers a wide range of asset types
Downward trends in per capita wealth put sustainable prosperity at risk for some

Percent Change in Wealth Per Capita 1995 -2018

Source: authors’ calculations
Methodology, Future Plans and Opportunities for beyond GDP
Methodological choices for CWON accounts

- CWON 2021 uses internationally accepted definitions and methodologies (SNA and SEEA).

- Consistent with SNA valuation guidelines based on observed or market-derived prices (for PC) and NC and wages (for HC), RVM for rents, lagged averages for smoothing rent and price volatility, NPV for asset (stock) values. PIM for PC

- Strengths (language of MF/treasure, balance sheet-compatible) and limitations (less useful for strong sustainability, tipping points, critical ecosystem services etc.)

- CWON measures sustainability of growth under current policies, not sustainability of nature

- Top-down/cross country data and methodologies. Third party data sources are collected at the global level.

- Associated flow indicators Adjusted Net Savings widely used to measure certain aspects of sustainability

- Used in policy analysis: such as changes to fossil fuel wealth and renewable energy assets under alternative low carbon policies, Agricultural land productivity under climate scenarios
CWON data allows to decompose drivers of changes of wealth

**Decomposition Non-Renewable NC:**
of oil, gas, coal and minerals wealth

- Oil Wealth
  - Rent
  - Lifetime
  - Production
    - Share in global energy use
    - Global energy use
    - Unit Rent
      - Unit price
      - Unit cost

**Decomposition of Renewable NC:**
Protected areas, Forests-Ecosystems, Forests-Timber, Cropland, Pastureland,

- Value
  - Rent
  - Lifetime
  - Production
    - Unit Rent
      - Area
      - Productivity
        - Unit Price
        - Unit Cost
      - Share of land
      - Total land
Measuring wealth using market exchange rates and purchasing power parities

Share of global MER-based and PPP-based wealth, by region, 2018 (%)

Source: authors’ calculations
Proposed extensions to comprehensive wealth

Comprehensive wealth
Decomposition in physical and monetary (MER- and PPP-based) terms

Produced capital
Non-renewable natural capital
Renewable natural capital
Human Capital
Net foreign assets

Machinery, structures, urban land
Fossil fuels, minerals
Crop land, pastureland
Forest timber and ecosystem services
Protected areas
Add renewable energy
Fisheries, mangroves
Add water pilot
Add carbon, aquaculture
Add carbon
Add land degradation
align with methodology for forest ES
Male/female, employed/self-employed
Assets-liabilities
Opportunities for beyond GDP process

Comprehensive wealth can be used as one of the aggregate wealth indicators to complement GDP and measure sustainability, resilience and equality of growth

- Conceptually and theoretically robust, consistent across countries, time (1995-2018) and assets
- Methodologies SNA/SEEA-compatible and evolving with SNA revisions
- Proven measurability, tested, constantly improved and reality-checked for over 20 years
- Applied to policy issues (especially non-renewable and renewable NC management)