



The WAVES Global Partnership: Challenges and opportunities for institutionalizing NCA

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



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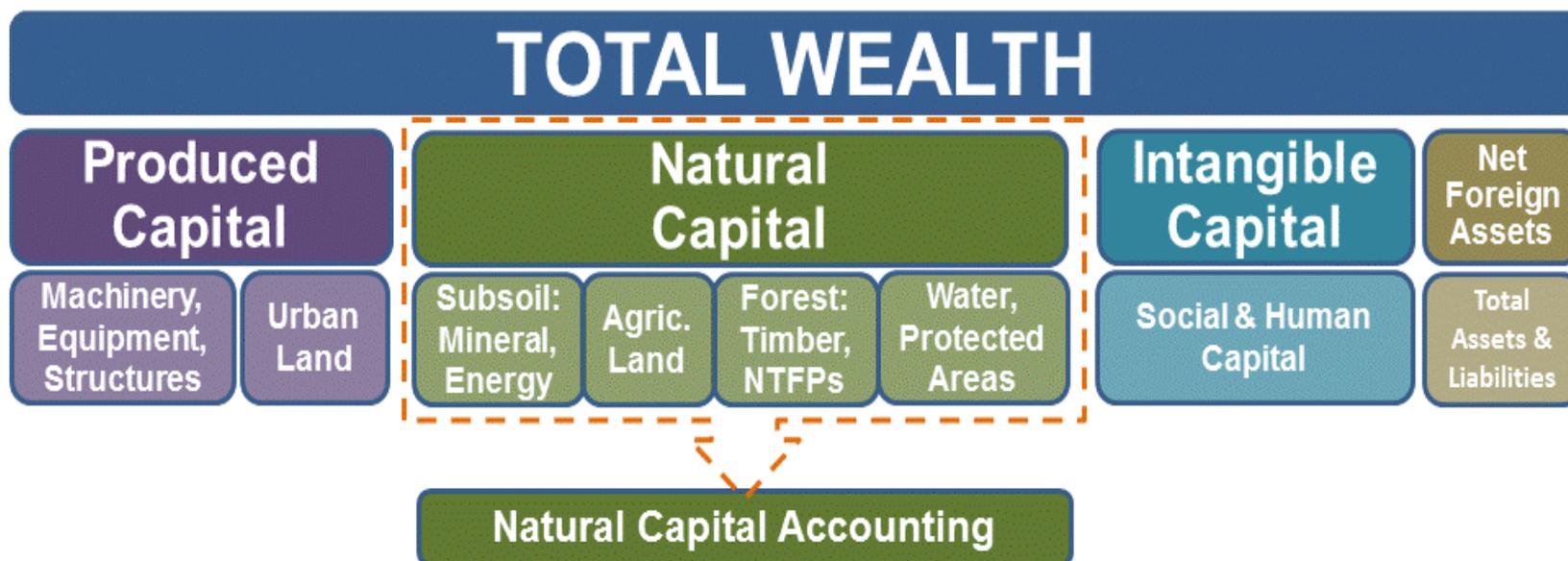


What is WAVES?



What space does WAVES work in?

NCA is focused on the part of total wealth that comes from land, water, mineral, energy, soil, forests and timber, and ecosystem assets.



WAVES emphasizes **institutionalization**, and **country and decision-driven, policy focused NCA**



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 Global 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

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.

2013

At the World Bank-IMF Spring Meetings, 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.

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.



What is the progress up to date?



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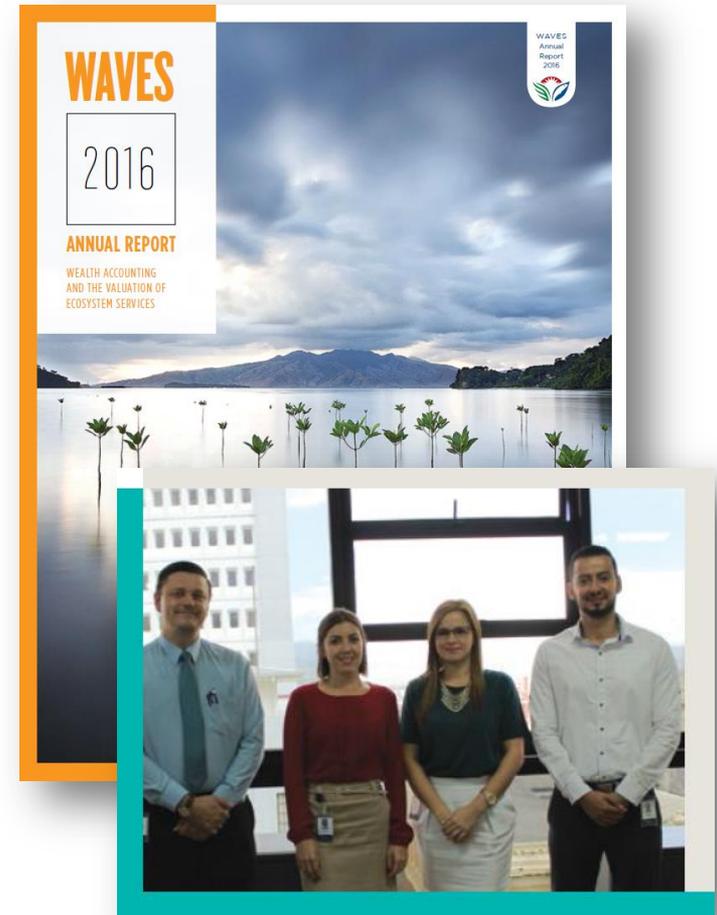
Accounts developed in countries

Botswana	Colombia	Costa Rica	Madagascar	Philippines
 Water 2010/11, 2011/12	 Water 2012	 Forests 2008-2013 (Asset accounts), 2011 (Flow accounts)	 Water 2001 – 2003 In progress	 Mineral Gold, copper, nickel and chromite (2001-2012) – in progress
 Minerals 1994 - 2012	 Water: Tota Lake Watershed 2012	 Water 2000-2014 (Asset accounts), 2012 (Flow accounts)	 Forest 2005, 2010, 2013	 Ecosystem: Laguna de Bay Between 1997 and 2014 (varies by account)
 Energy 2010/2011 - 2014/2015	 Ecosystem: Chinchiná River Between 2010 and 2014 (varies by account)	 Energy 2011-2013		 Ecosystem: Southern Palawan Between 2001 and 2014 (varies by account)
 Macroeconomic indicators of sustainable development In progress	 Ecosystem: Orinoquia In progress	 Ecosystem: National 1997-2008-2013		 Mangrove <i>Planned</i>
 Tourism component of land and ecosystem accounts In progress	 Forest 1990 - 2012			

Ownership

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.



**Costa Rican Central Bank
Environmental Accounting Team**



National policy agendas

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.



Philippine Development Plan and Statistical Development Program



Policy uses and sharing knowledge



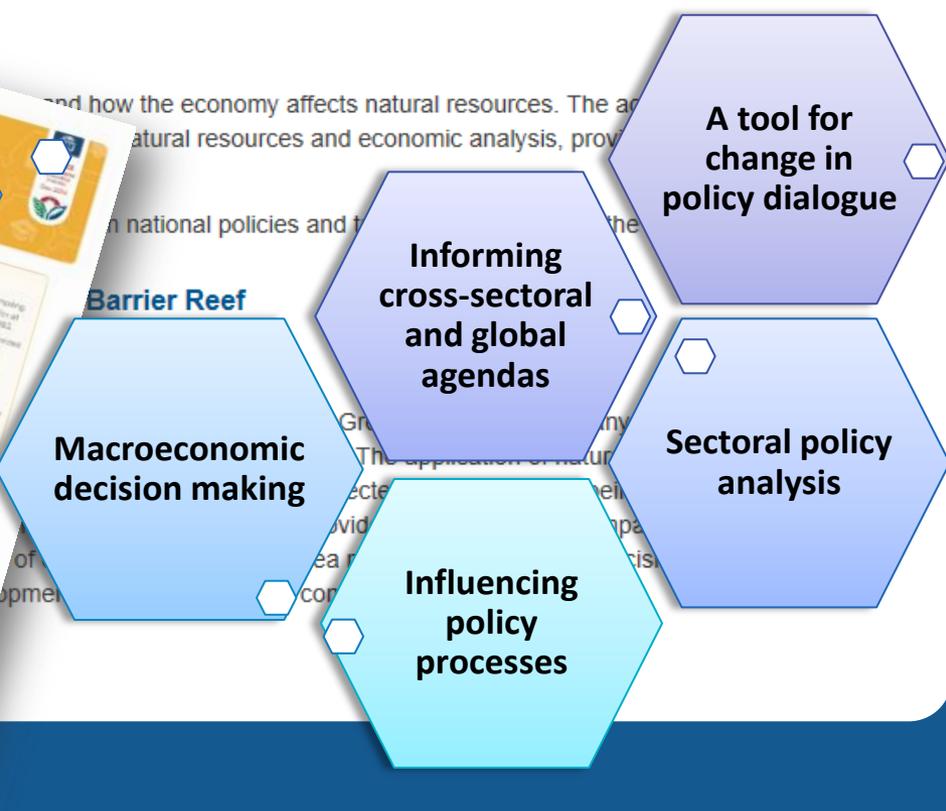
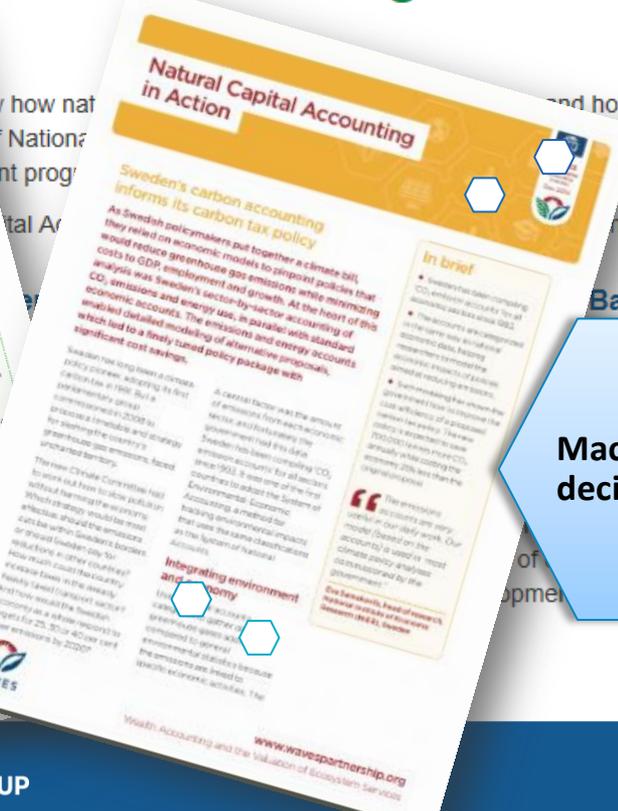
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Natural Capital Accounting in Action



What have we learned?



Lessons learned

Why an Assessment?

WAVES adopted a new approach. It provided long-term support for a group of countries to institutionalize the production and use of accounts

The end of the first phase of WAVES provides an opportunity for reflection.

- What has worked and why?
- What did not work and why?
- How can we learn and do better



Assessment process

First 5 WAVES countries

October 2015 - May 2016:

- Self-assessment questionnaire by each country
- External technical review of the accounts produced or in-production
- Country missions
- Draft and follow-up discussions w countries
- Expected finalization of report in July 2016



Aspects covered in the assessment

1. **Production** of accounts institutionalized
 - Publically available accounts
 - Relevant government agencies staffed and resourced
2. **Use** of accounts in national policy dialogue to inform decision-making
 - Inclusion in national strategic documents, plans, etc.
 - NCA indicators used to monitor the economy or in tools for more extensive policy analysis.
3. **Institutions** in the country have defined a long term vision for NCA and an understanding of how this can be achieved, as shown by the country's **NCA roadmap**.

Data quality assessment framework

- **Relevance** – do the accounts address the policy issues identified?
- **Accuracy** - how closely do the accounts represent the real world?
- **Timeliness** - how soon after the reference period are the accounts available?
- **Interpretability** - how easy are the accounts to understand?
- **Accessibility** - how are the accounts accessed? (e.g. are they on the web?)
- **Coherence** – do the accounts follow international standards?



Summary of Country Achievements

(with considerable variation among countries)

- Accounts are being produced in all countries
- Institutionalization of account production is occurring
- Capacity to produce accounts has increased substantially
- Accounting is being used to improve information systems
- Natural capital accounting is recognized in national development plans and other strategic documents
- Communication of the importance of natural capital accounting have been highly effective



Key lessons from account production

- Natural capital accounting is a complex, multi-disciplinary area, requiring many agencies and professions to work together
- Different institutional models for production have worked
- Countries have underestimated the challenges and initial aims were, in hindsight, overly ambitious
- Data quality assessment and official clearance processes need to be planned in advance
- Production needs to move from one-off exercises to an on-going production cycle



Key lessons from institutionalization

National steering committees should be high level, meet regularly, and play strong role in:

- **Monitoring** the progress of account production and the establishment of ongoing processes of production
- **Establishing administrative arrangements** for data sharing among agencies and the processes for clearing publications
- **Ensuring that account users are prepared** to receive and use the accounts
- **Extending the long term vision** of NCA beyond the time frame of WAVES involvement
- **Identifying and managing political risks** and opportunities.



Tensions from national to ecosystem accounting



Way forward - what is needed?

- A greater focus on account production as a process taking advantage of existing information and data coordination mechanisms
- Stronger links to national accounting
- Better initial identification of policy entry points—identification of issues is not enough, the institutions and process needs to inform the schedule of technical work
- An early and ongoing process of engagement with the analytical and policy communities to ensure policy uptake—don't wait until after the accounts are produced!



Way forward - renew policy focus

NCA-derived policy indicators that can be readily carried out without specialized expertise

- Indicators for mineral, water and forest accounts as well as macroeconomic indicators adjusted to more fully take into account changes in natural capital

Using NCA as part of broader analytical work or in land management and land-use planning

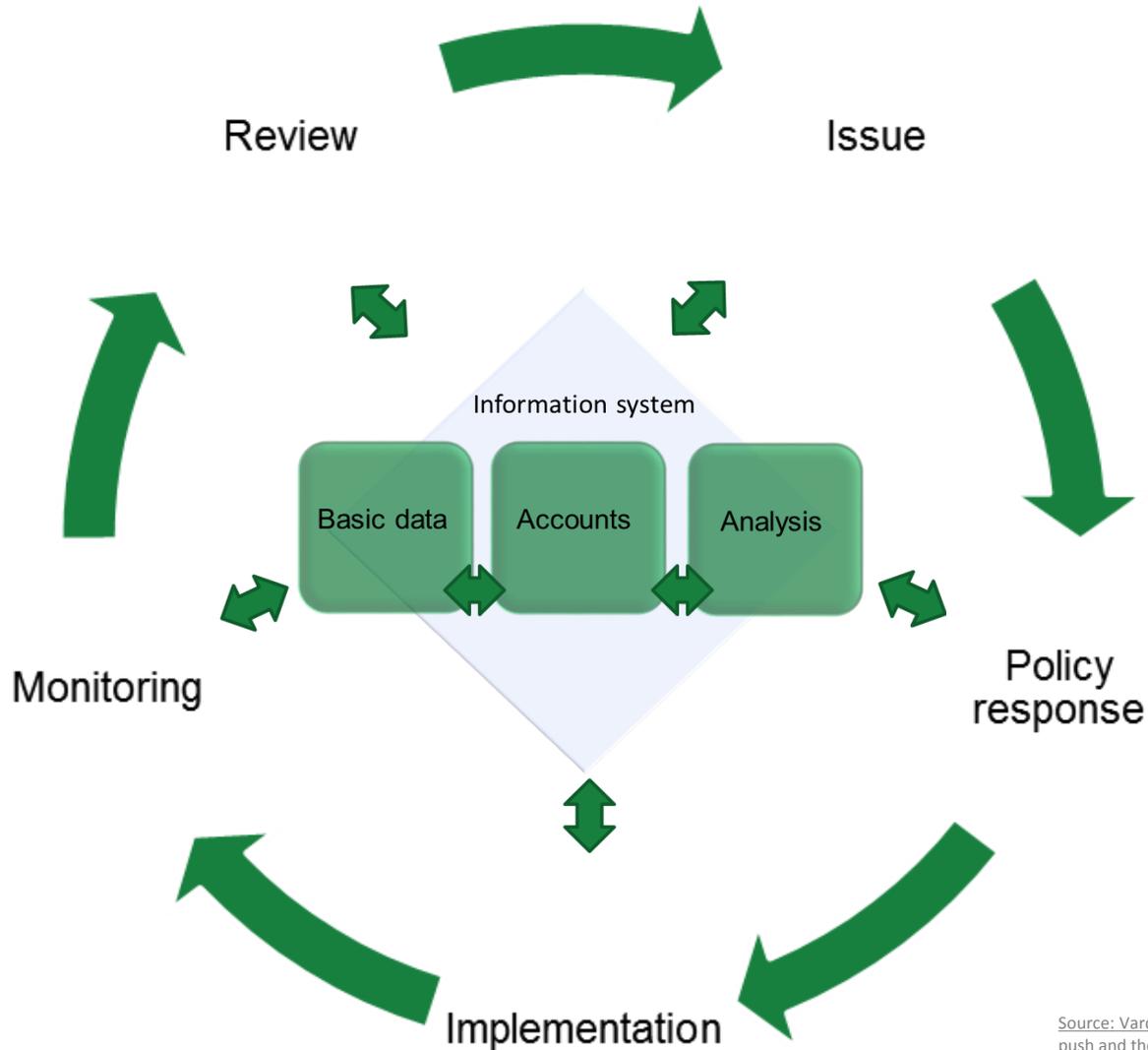
- Use of mineral resource rents (revenue sharing, fiscal rules), water pricing and timber royalties, land management

Advanced policy analysis and modeling

- Examining of specific issues by integrating NCA into complex economic tools like input-output (I-O, computable general equilibrium (CGE) modeling, scenario modeling, etc.



Moving from a sequential to view of account production to a more integrated approach of production and use



Source: Vardon et al (2016). The accounting push and the policy pull. *Ecol. Econ.* 124: 145-152



What's next?



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Feb

WAVES+

Broad objectives remain the same. WAVES+ will:

- Add **8 new Core Implementing Countries (CICs)** to build a critical mass of developing countries implementing NCA;
- Implement **2 – 4 regional programs** to strengthen capacity to understand and apply NCA, and to sustain country efforts beyond the CICs;
- Promote the **global adoption** of policy-relevant NCA by:
 - Contributing to the methodology of ecosystem accounting
 - Strengthening policy use of NCA
 - Collaborating with partners in the public, business and financial sectors



What's new:

Strengthening the global momentum of NCA

Advancing ecosystem accounting from experimental to a standard

- Methodology for valuation
- Methodological advances in ecosystem modelling
- Piloting methodology in WAVES countries and elsewhere

Outlining strategies and measures for policy use of NCA

- Lessons, guidance, measures to countries for using NCA for policy
- Identifying and building capacity for policy analytics
- WAVES+ policy and knowledge sharing forum

Strategic communications and knowledge development

- Map global landscape and work more strategically with global influencers
- Show how NCA links to major development themes like the SDGs
- Build evidence on NCA's contribution to policy making



What's new:

Advance NCA through regional cooperation and targeted technical assistance

Capacity and institutionalization through regional collaboration

- Knowledge dissemination, training, country-to-country experiences & learning to complement WAVES CIC approach and response to growing country demand
- Working through implementation partners e.g. ECLAC, ESCAP, Gaborone Declaration for Sustainability in Africa (GDSA), UNECE

Targeted technical assistance

- Entry points to emerging opportunities and requests to initiate or use NCA
- Through country or WBG initiated opportunities, needs and entry points



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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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