

Wealth Accounting and Valuation of Ecosystem Services (WAVES)

VALUING THE ENVIRONMENT. MAKING BETTER DECISIONS.



The World Bank has launched a 5-year global partnership on Wealth Accounting and Valuation of Ecosystem Services (WAVES), a program to implement green accounting in a critical mass of countries, both developed and developing.

Goals and Objectives

WAVES promotes sustainable development worldwide through the implementation of comprehensive wealth accounting that focuses on the value of natural capital and integration of “green accounting” in more conventional development planning analysis.

WAVES will enable more informed decision making - targeting Ministries of Finance and Planning and Central Banks - to support sustainable development and genuine green growth trajectories.

Specifically, the objectives of the initiative are:

- Implement natural capital accounting based on the UN’s System of Environmental and Economic Accounting (SEEA) in 6-10 countries.
- Incorporate the accounts into policy analysis and development planning.
- Develop internationally accepted and standardized guidelines for the implementation of ecosystem accounting.
- Promote widespread adoption of natural capital accounting beyond the pilot countries through a broad platform provided by the partnership.

Partnership

WAVES provides a broad platform including the United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP), other UN agencies, developed and developing nations, international organizations, NGOs and academics.

Partner countries currently include:

- Developing country partners: Botswana, Colombia, Costa Rica, Madagascar, and the Philippines.
- Developed country partners: Australia, Canada, Japan, Norway, and the United Kingdom.
- Mauritius will join with funding provided directly by France, continuing an on-going program of environmental accounting in that country.
- We invite other countries doing environmental accounting to join the partnership.

Progress and Next Steps

Launched by President Robert B. Zoellick at the Convention on Biological Diversity meeting in October 2010, the project will last for five years.

- **Preparation phase** to establish the Global Partnership, establish a Policy and Technical Experts Committee to develop methodology for ecosystem accounting, and conduct feasibility and planning studies for pilot countries
- **Implementation phase (2012 through 2015)**

Based on the initial results, WAVES will propose an international program of action on Ecosystem Accounting at the “Rio+20” Earth Summit, the 2012 UN Conference on Sustainable Development. Final Results and Recommendations will be disseminated at the 2015 Millennium Development Goals Summit Review.

Funding

- The first phase of WAVES is fully funded by DFID UK (\$765,000).
- Of the proposed budget for implementation of \$15 million, confirmed commitments for \$7.2 million have been received from Japan, Norway, and the United Kingdom. Fundraising is ongoing and Denmark, Australia and Korea have indicated a strong interest in contributing to WAVES.
- France is supporting environmental accounting in Mauritius directly.





Botswana

Economic diversification and poverty reduction are identified as priorities in the three strategic documents guiding policy: the *Tenth National Development Plan*, the *Economic Diversification Drive* and the *National Strategy for Poverty Reduction*. Natural capital will play a critical role in achieving these goals, but the economic information needed to assess options is often incomplete or lacking. Tourism, especially nature-based tourism, has been targeted as a critical sector for economic diversification, bringing together the interests of the Ministry of Finance and Development Planning (job creation, diversification) and the Ministry of Environment, Wildlife and Tourism (management of critical ecosystems and protected areas). Water accounting has also been identified as a priority. Weighing tradeoffs and management options is critical given water scarcity and the importance of water for sectors targeted for economic growth such as coal mining and agriculture. It will also help monitor water access by the poor, which has been an area of concern under the recent water privatization initiative.

Colombia

Environmental sustainability constitutes one of the pillars of the *Colombian National Development Plan (PND) 2010-2014*, which acknowledges the role that natural resources have played in Colombia's economic growth and states concern about loss of water resources, forests and biodiversity as well as about climate change, pollution and environmental risks. The PND's strategic guidelines call for good environmental governance - reflecting the good governance pillar in the PND - including improvements in environmental information. There is strong interest in environmental accounting, with the national statistics office in the process of introducing environmental (satellite) accounts as part of the official statistics. WAVES in Colombia will build on existing work, bring together all stakeholders, and work towards ecosystem accounting contributing to policymaking.

Costa Rica

Costa Rica has a rich history of pursuing economic development while managing its natural capital sustainably. More recently, Costa Rica has stated its commitment to carbon neutrality and to pursue a green growth strategy, which includes further increasing the share of hydropower in the total energy mix, expanding the eco-tourism sector, and sustainable management of forest and marine resources. Mining activities have been banned and a three-year moratorium has been placed on oil and gas explorations. However, urbanization, increasing energy demand, and development of the agricultural sector are putting increasing pressure on Costa Rica's protected areas and forests, leading to soil erosion and water pollution, and threatening marine resources. Policy makers need information on the value of different land use patterns, implications of land use patterns for water flows, value of ecosystem services to the tourism sector, and effectiveness of different policy instruments for sustainable resource management to support Costa Rica's green growth strategy. Asset accounts for water, forests, and marine resources, along with a more explicit consideration of ecosystem services in the existing tourism satellite accounts will provide information for more informed decision making.

Madagascar

In Madagascar natural capital is particularly important, accounting for 49% of the country's wealth. However, no detailed analyses of the components of this wealth exist, nor are there any mechanisms, at present, to foster integration of natural capital values into policy development and implementation. With strong support from the Cabinet, the WAVES partnership aims to redress this situation. WAVES in Madagascar is assessing the value of key natural resources: i) terrestrial ecosystems (starting with a case study of a key watershed providing carbon storage, tourism and biodiversity, subsistence use of timber and non-timber forest products, sediment control) and ii) coastal & marine ecosystems (starting with fisheries) that will provide economic input to the proposed Integrated Coastal Zone Management Initiative. At the same time, WAVES will provide long term "green accounting" mechanisms and technical capacity to monitor and account for the value of natural capital in broad macro-economic management.

Philippines

The new political leadership, in the Philippine Development Plan (PDP) 2011-2016, emphasizes governance reforms that include transparent and science-based decision-making while pursuing inclusive and sustainable growth. The PDP identifies several natural resource-based sources of equitable growth, including minerals and nature-based tourism. Reviews of the draft feasibility studies, priority issues to address, detailed work plan options, and a concept note will be held in February, with revised versions to be presented to the Philippine Council for Sustainable Development, key officials and at a consultative workshop in March 2012. Inputs are being provided to the Philippine government, which plans to tap the WB-financed Environment and Natural Resources Management Program for initial activities to implement the System of Environmental-Economic Accounts System (SEEA) 2012 and a case study on mining options in two provinces.

