



The WAVES Experience in Developing Countries: Challenges and opportunities for institutionalizing Natural Capital Accounting

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Aims and content

The aim of this presentation is to inform the expert working group on Measuring Sustainable Tourism (MST) about the WAVES experience in trying to mainstream an integrated statistical accounting framework for natural capital in developing countries' policy decision making processes.

Content:

1. What is WAVES?
2. Progress up to date
3. What have we learned?



What is WAVES?

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) Support countries to **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



Lessons learned

Assessment of the first five countries (2015-2016)

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 on:

- 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

Institutionalization is about defining a long term vision for NCA and how this can be achieved in at least two aspects:

1. Production of accounts

- Publicly 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.



Summary of Country Achievements

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: Tola 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: Chinchina 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 Planned
Tourism component of land and ecosystem accounts In progress	Forest 1990 - 2012			

1. Accounts are being produced in all countries
2. Institutionalization of account production is occurring
3. Capacity to produce accounts has increased substantially

Tourism

1. Accounting is being used to improve information systems
2. NCA is recognized in national development plans and other strategic documents
3. 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.

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.

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WORLD BANK GROUP

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

