
NATURAL CAPITAL ACCOUNTING FOR BETTER POLICY

WAVES NCA Policy Forum, The Hague, 22-23 November 2016



Summary of Country Questionnaires¹

As part of the planning for the Forum, countries were asked to complete a questionnaire to begin sharing, exploring and synthesizing their experiences in producing and using natural capital accounts. The questionnaire was completed by 10 countries: Australia, Botswana, Colombia, Costa Rica, Guatemala, Indonesia, The Netherlands, The Philippines, Rwanda and Sweden. The completed questionnaires were used to plan the Forum Agenda as well as to guide the World Bank's work in support of WAVES countries wishing to apply natural capital accounting in decision-making. Below is a summary of the responses.

Summary

Context:

- There are important differences in the institutes that develop the Natural Capital Accounts (NCA). In some countries, the statistical agencies are responsible. In other countries, the ministries of planning, environment, natural resources or finance are responsible. To what extent do these differences affect independence of the NCA building process? Some questions are: is there political interference in NCA set-up, trustworthiness of the data, ability to share data among ministries and institutes, and independency of institutes using the data for policy analysis?
- In most countries, the accounts produced were chosen based on consultation with several ministries; sometimes at a high Ministerial level, sometimes at a lower technical working group level.
- In some countries, NCA efforts started out of academic interest and were later adopted by ministries. For setting up the accounts, most countries organized stakeholder meetings with data providers.

Factors driving account production:

- For most countries, the main driver is growing international attention for sustainable development or green growth. This goes back to the 1992 Rio Declaration and today is seen in the Sustainable Development Goals (SDGs) and the increasing attention for green growth as a means to ensure that natural and human capital are integrated in economic decision-making.
- NCA gives the countries a way to understand the importance of their natural resources and inputs for improving their management. The drivers for account production have not changed greatly for most countries, except that some countries are now more convinced of the importance of accounts.

Findings from accounts and their use:

- NCA provides countries with information about the importance of natural capital to national economies, trends, and drivers of change. Some countries acknowledge that it provides them with

¹ By Arjan Ruijs (PBL Netherlands Environmental Assessment Agency), Sonu Jain (World Bank) and Michael Vardon (Australian National University)



essential information for understanding natural and economic systems, and also about the trade-offs they make in development decisions. NCA makes governments aware of the need to take action and gives them directions for policy change.

- Although the production of accounts is still recent in most of the countries participating in the Forum, they have already played a role in several policy documents, development plans and policy briefs. They are used especially for raising awareness and describing the relation between natural resources and the economy, in order to prepare policy makers and the general public for future policies. In some countries, it has been reported that NCA is going to play a role in preparing and monitoring policies. Other countries report that the accounts have already played a role in new water laws, mining and forestry regulations, and action plans on climate change. Others report that the accounts will be used for risk analysis, land use policies, water fees and conservation, and mineral policies.
- All countries see sufficient potential in continuing to compile NCA as they move towards green growth, climate change, and SDGs.
- The use of accounts in analysis, models and indicators is very country dependent. Some countries are currently experimenting with new indicators to present or monitor changes in natural capital. In some countries, input-output or Computable General Equilibrium (CGE) models have been built (sometimes jointly with other institutes) using the NCA as data inputs and modelling for scenario analyses of different policy proposals.

Process to engage potential users

- Most countries have organized meetings, training workshops and forums with ministries, related institutes and experts. Moreover, several reports and policy briefs have been published to show the potentials of the accounts and be transparent about how the accounts have been set up.
- All countries stressed the importance of developing clear communications strategies at the beginning of the process to ensure buy-in from users of accounts and policy makers.

Challenges to broader use of accounts

- While there have been successes in WAVES and other countries with producing and using accounts, most countries face a number of serious challenges. Awareness of NCA's existence or potential is often low in ministries, and many accounts are often seen as complex and hard to understand.
- Communication between compilers and users of NCA is certainly a point of concern, especially to assure that budgets will be made available to continue to compile the accounts and that data-sharing between institutes is well arranged. Several countries report that the capacity to analyse or interpret the data is limited and that data validation is not always well arranged.

The way forward

- Countries would like more ideas and evidence to show how accounts can be analysed and used in decision-making by government.
- Most countries would like specific guidance on how to use NCA for the SDGs and green growth.
- May countries would like sector specific guidance (e.g. on water, minerals, energy and biodiversity conservation)
- Most countries are looking for ways to better engage the policy and analytical communities

